

**TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
THIRTY-FIRST LEGISLATURE, 2022**

ON THE FOLLOWING MEASURE:

H.B. NO. 1522, RELATING TO CLIMATE MITIGATION.

BEFORE THE:

HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

DATE: Tuesday, February 1, 2022 **TIME:** 9:00 a.m.

LOCATION: State Capitol, Room 325, Via Videoconference

TESTIFIER(S): Holly T. Shikada, Attorney General, or
Lori N. Tanigawa, Deputy Attorney General

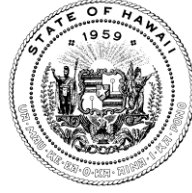
Chair Lowen and Members of the Committee:

The Department of the Attorney General provides the following comments.

The purposes of the bill are to require (1) the Public Utilities Commission to develop an estimated social cost of carbon; (2) each regulated electric and gas utility to use the estimated social cost of carbon in that utility's respective integrated resource planning process; and (3) the State and the University of Hawaii to consider the estimated social cost of carbon in planning new infrastructure and capital improvement projects.

Section 6 of article X of the Hawai'i State Constitution gives the Board of Regents of the University of Hawai'i "exclusive jurisdiction over the internal structure, management, and operation of the university." Section 6 further provides, "[t]his section shall not limit the power of the legislature to enact laws of statewide concern. The legislature shall have the exclusive jurisdiction to identify laws of statewide concern." If the Committee decides to pass this bill, we recommend an amendment that adds a statement identifying this bill as a law of statewide concern.

Thank you for the opportunity to provide these comments.



DAVID Y. IGE
GOVERNOR

JOSH GREEN
LT. GOVERNOR

**STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

335 MERCHANT STREET, ROOM 310
P.O. BOX 541
HONOLULU, HAWAII 96809
Phone Number: 586-2850
Fax Number: 586-2856
cca.hawaii.gov

CATHERINE P. AWAKUNI COLÓN
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Energy & Environmental Protection
Tuesday, February 1, 2022
9:00 AM
Via Videoconference**

**On the following measure:
H.B. 1522, RELATING TO CLIMATE MITIGATION**

Chair Lowen and Members of the Committee:

My name is Dean Nishina, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Division of Consumer Advocacy. The Department offers comments on this bill.

The purpose of this bill is to require the Public Utilities Commission (Commission) to develop an estimated social cost of carbon; each regulated electric and gas utility to use the estimated social cost of carbon in the utility's respective integrated resource planning process; and the State to consider the estimated social cost of carbon in planning new infrastructure and capital improvement projects.

While the Department ultimately defers to the Commission on whether it is in the best position to determine the proposed estimated social cost of carbon, the Department offers that, given the already existing electric renewable portfolio standards (RPS) and energy efficiency standards, the Commission is already requiring the electricity utility companies to continue the transition to non-fossil fueled based sources of energy, wherein there is steady movement away from carbon emissions. Thus, the

need to adopt estimated social costs of carbon in planning processes may not be necessary. While there may not yet be an RPS for utility gas, the Department anticipates that, in the recently opened proceeding (Docket No. 2022-0009) instituting an investigation into an integrated resources planning process for Hawaii Gas, long-range plans to migrate to renewable gas will be required.

Additionally, given the breadth across State agencies and processes within such agencies of the intended and possible use of the proposed estimated social cost of carbon and the already existing RPS for electric utilities, the Department respectfully offers that some other State agency, one with a more plenary jurisdiction and scope, may be in the best position to make such a determination. Therefore, if this measure progresses, the Department respectfully suggests removing the proposed Hawaii Revised Statutes § 269-_(a) in Section 3 of the bill and related cross references.

Thank you for the opportunity to testify on this bill.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Energy & Environmental Protection
February 1, 2022 at 9:00 a.m.

By
Jan Gouveia
Vice President for Administration
University of Hawai'i

HB 1522 – RELATING TO CLIMATE MITIGATION

Chair Lowen, Vice Chair Marten, and members of the committee:

Thank you for the opportunity to provide comments on HB 1522 – Relating to Climate Mitigation. This bill requires the Public Utilities Commission (“PUC”) to develop an estimated social cost of carbon and requires the State and University of Hawaii (“University”) to consider the estimated social cost of carbon in planning new infrastructure and capital improvement projects.

While the University supports the intent of this bill, we respectfully request that this measure be deferred until the PUC can determine the actual social cost of carbon for Hawai'i. This will allow us to better understand the impacts of considering the social cost of carbon when designing and constructing new buildings, and properly evaluate the resources needed to implement this measure.

Thank you for the opportunity to provide comments on HB 1522.



P.O. Box 37158, Honolulu, Hawai'i 96837-0158
Phone: 927-0709 henry.lifeoftheland@gmail.com

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Rep. Nicole E. Lowen, Chair
Rep. Lisa Marten, Vice Chair

DATE: Tuesday, February 1, 2022
TIME: 9:00AM

HB 1522 Relating to Climate Mitigation.

Comments

Aloha Chair Lowen, Vice Chair Marten, and Members of the Committee

Life of the Land is Hawai'i's own energy, environmental and community action group advocating for the people and `aina for 52 years. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

Climate activists and mainstream economists like the social cost of carbon. It puts a price on pollution. But similar to cigarette taxes, alcohol taxes, marriage licenses, and paying development fees in lieu of affordable housing requirements, it approves actions in exchange for money.

Climate justice and environmental justice advocates prefer aggressive campaigns banning fossil fuel plants and keeping fossil fuel in the ground. We need to end fossil fuel use rather than taxing it.

Mahalo

Henry Curtis,
Executive Director



HB 1522, RELATING TO CLIMATE MITIGATION

FEBRUARY 1, 2022 · HOUSE ENERGY AND
ENVIRONMENTAL PROTECTION COMMITTEE ·
CHAIR REP. NICOLE E. LOWEN

POSITION: Support.

RATIONALE: Imua Alliance supports HB 1522, relating to climate mitigation, which requires the Public Utilities Commission to develop an estimated social cost of carbon; each regulated electric and gas utility to use the estimated social cost of carbon in the utility's respective integrated resource planning process; and the State to consider the estimated social cost of carbon in planning new infrastructure and capital improvement projects.

According to a report produced by the Hawai'i Climate Change Mitigation and Adaptation Commission, global sea levels could rise more than three feet by 2100, with more recent projections showing this occurring as early as 2060. In turn, over the next 30 to 70 years, approximately 6,500 structures and 19,800 people statewide will be exposed to chronic flooding.

Additionally, an estimated \$19 billion in economic loss would result from chronic flooding of land and structures located in exposure areas. Finally, approximately 38 miles of coastal roads and 550 cultural sites would be chronically flooded, on top of the 13 miles of beaches that have already been lost on Kaua'i, O'ahu, and Maui to erosion fronting shoreline armoring, like seawalls.

Furthermore, according to research conducted by Michael B. Gerrard from Columbia Law School, modern-day slavery tends to increase after natural disasters or conflicts where large numbers of

people are displaced from their homes. In the decades to come, says Gerrard, **climate change will very likely lead to a significant increase in the number of people who are displaced and, thus vulnerable, to human trafficking.** While the Paris Climate Agreement of 2015 established objectives to limit global temperature increases and several international agreements are aimed at combating modern-day slavery, it is highly uncertain whether they will be adequate to cope with the scale of the problem that is likely to occur as a result of climate change.

As we work to reduce carbon emissions and stave off the worst consequences of climate change, we must begin preparing for the adverse impact of sea level rise on our shores. We are now quantifying the speed at which we must act. We cannot continue to develop the 25,800-acre statewide sea level rise exposure area—one-third of which is designated for urban use—without risking massive structural damage and, potentially, great loss of life.

Therefore, we should take steps to accelerate Hawai'i's efforts to address climate change and develop a clean economy, including by studying the comprehensive societal costs of our carbon footprint. This is especially important in light of the islands' carbon-intensive visitor industry. **In 2019, for example, Civil Beat reported that flights to and from Hawai'i from all over the world produced approximately 6.3 million tons of carbon, which is the equivalent of the CO2 produced by generating electricity for almost 1.1 million homes in a year.** For the sake of our keiki, we must take quick action to preserve climate for generations to come.

Kris Coffield · Executive Director, Imua Alliance · (808) 679-7454 · kris@imuaalliance.org



**Hawaiian
Electric**

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
ENERGY & ENVIRONMENTAL PROTECTION**

HB 1522

Relating to Climate Mitigation

Tuesday, February, 1, 2022

09:00 am, Agenda Item #2

State Capitol, Conference Room 325 & Videoconference

Marc Asano

Director, Integrated Grid Planning

Hawaiian Electric

Chair Lowen, Vice Chair Marten, and Members of the Committee:

My name is Marc Asano and I am testifying on behalf of Hawaiian Electric Company and **oppose HB 1522**, Relating to Climate Mitigation.

HB 1522 requires the Public Utilities Commission (PUC) to establish an estimated social cost of carbon, requires each regulated gas or electric utility to use the estimated social cost of carbon in its integrated resource planning process, and allows the PUC to use the estimated social cost of carbon to assess penalties for delays in integrating renewable energy projects and programs that lower carbon emissions. The bill also requires the State and University of Hawaii to consider the estimated social cost of carbon in planning new infrastructure.

The modifications provided for in Section 3 of the bill are already within the PUC's statutory authority to implement. First, the PUC already considers carbon emissions in its decision making pursuant to Hawaii Revised Statue §269-6(b). Each utility request to expend funds or approve power purchase agreements put before the commission must undergo a greenhouse gas emissions assessment.

Second, Hawaiian Electric is currently in the middle of its integrated resource planning process (currently known as Integrated Grid Planning) in Docket No. 2018-

0165, which is overseen seen by the PUC. Hawaiian Electric is developing plans that will be consistent with its own Climate Change Action Plan to reduce electricity production carbon emissions by 70 percent by 2030. This bill should not seek to delay or prolong that process as Hawaiian Electric is nearly halfway through the process and looks to urgently set forth pathways that will make significant advancements in reducing carbon emissions in the State, while maintaining and enhancing the reliability and resilience of the grid.

Finally, performance based regulation (pursuant to Hawaii Revised Statute §269-16.1) that incentivizes Hawaiian Electric to accelerate integration of and procurement of cost-effective renewable energy have been put into effect by the PUC.

Specifically, the PUC is examining the very issue of recent delays in integrating renewable energy and whether penalties should be imposed as part of Docket No. 2018-0088. Many energy stakeholders, including the Consumer Advocate have been active participants to this proceeding. Any potential penalties must be examined holistically as part of the other reward and penalties prescribed in its performance incentive tariffs, which is precisely what the PUC is currently investigating in Docket No. 2018-0088. Moreover, in many instances, project and program delays have been caused by circumstances out of the control of the utility and third-party developers. For example, global supply chain issues, and U.S. Customs and Border Protection Withhold Release Order have delayed the supply of critical equipment for solar and battery energy storage projects.

Accordingly, Hawaiian Electric opposes HB 1522. Thank you for this opportunity to testify.

HB-1522

Submitted on: 1/29/2022 9:07:09 AM

Testimony for EEP on 2/1/2022 9:00:00 AM

| Submitted By | Organization | Testifier Position | Remote Testimony Requested |
|---------------------|---------------------|---------------------------|-----------------------------------|
| Anthony Orozco | Individual | Oppose | No |

Comments:

This waste of money won't stop climate change. Until major countries like China make big cuts which is unlikely, all this local climate stuff is in vain.

HB-1522

Submitted on: 1/29/2022 12:30:12 PM

Testimony for EEP on 2/1/2022 9:00:00 AM

| Submitted By | Organization | Testifier Position | Remote Testimony Requested |
|---------------------|---------------------|---------------------------|-----------------------------------|
| Douglas Perrine | Individual | Support | No |

Comments:

I support HB1522

TESTIMONY OF
JAMES P. GRIFFIN, Ph.D.
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

TO THE
HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION

February 1, 2022
9:00 a.m.

Chair Lowen and Members of the Committee:

MEASURE: H.B. No. 1522

TITLE: RELATING TO CLIMATE MITIGATION.

DESCRIPTION: Requires the Public Utilities Commission to develop an estimated social cost of carbon; each regulated electric and gas utility to use the estimated social cost of carbon in the utility's respective integrated resource planning process; and the State to consider the estimated social cost of carbon in planning new infrastructure and capital improvement projects.

POSITION:

The Public Utilities Commission ("Commission") supports this measure and offers the following comments for consideration.

COMMENTS:

The Commission finds that this measure would help to quantify the social costs of carbon emissions and incorporate them into utility planning processes and regulatory incentive structures. The Commission notes that several other jurisdictions have implemented similar policies, which could assist the Commission and interested stakeholders in establishing an estimated social cost of carbon for the purposes of implementing this measure.

Thank you for the opportunity to testify on this measure.