



DAVID Y. IGE
GOVERNOR

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

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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Consumer Protections & Commerce
Wednesday, February 23, 2022
2:00 PM
Via Videoconference**

**On the following measure:
H.B. 2089, HD1, RELATING TO RENEWABLE PORTFOLIO STANDARDS**

Chair Johanson 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 supports this bill.

The purpose of this bill is to amend the definition of "renewable portfolio standard" to be a percentage of electrical energy generation, rather than sales, excluding customer-sited fossil fuel generation.

This HD1 version amends the bill by excluding customer-sited, grid-connected fossil fuel generation from the definition of "renewable portfolio standard", and by expanding the events or circumstances that are beyond an electric utility company's reasonable control to include non-renewable energy generated by electric generation facilities over which or of which the electric utility company does not have direct control or ownership.

The Department continues to support the State's goal of 100% renewable energy on its electric grids by 2045, and so the Department supports the proposal to modify the

existing Renewable Portfolio Standards (RPS) calculation in Hawaii Revised Statutes (HRS) section 269-91 by replacing “sales” with “generation” in the calculation, effective July 1, 2022. This modification will eliminate the existing “loophole” that could allow the State to achieve a 100% RPS but still have a significant contribution from fossil-fueled generation sources, as well as suggest that more than 100% of generation is from renewable energy.

The Department notes how this bill modifies the calculation of the interim 2030 and 2040 calculations and offers that, when the RPS calculation is modified, the corrected calculation will automatically require more grid-connected renewable energy than is currently required.

The Department notes that proposed subsection (e) requires electric utility companies to report data and trends relating to customer retention or attrition. The Department supports the notion of tracking such data and trends but adding the proposed reporting to another section of HRS 269 may be more appropriate.

Thank you for the opportunity to testify on this bill.

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

TO THE
HOUSE COMMITTEE ON
CONSUMER PROTECTION AND COMMERCE

February 23, 2022
2:00 p.m.

Chair Johanson and Members of the Committee:

MEASURE: H.B. No. 2089, HD1

TITLE: RELATING TO RENEWABLE PORTFOLIO STANDARDS.

DESCRIPTION: Amends the definition of "renewable portfolio standard" to be a percentage of electrical energy generation, rather than sales, excluding customer-sited fossil fuel generation. Expands the events or circumstances that are beyond an electric utility company's reasonable control to include non-renewable energy generated by electric generation facilities over or of which the electric utility does not have direct control or ownership. Effective 7/1/2100. (HD1)

POSITION:

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

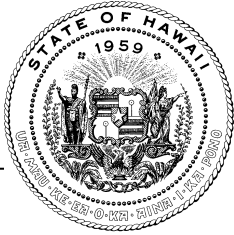
COMMENTS:

The Commission believes that calculating renewable portfolio standard ("RPS") achievement in the manner proposed by this measure will present a more accurate picture of how much of the state's electricity is produced from renewable energy sources, ensuring alignment with the intent of the renewable portfolio standards goals.

The Commission notes that expressing RPS requirements in terms of electricity generation rather than utility sales will require a higher level of renewable generation to achieve the same target level. The Commission will continue to support renewable energy efforts and create a regulatory environment that facilitates achievement of the State's energy goals.

The Commission notes that the definition proposed in this measure is consistent with the RPS achievement performance incentive mechanism for Hawaiian Electric (“RPS-A PIM”) under the performance-based regulation framework, which is calculated as the total system renewable generation divided by total generation of electricity.

Thank you for the opportunity to testify on this measure.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

DAVID Y. IGE
GOVERNOR

SCOTT J. GLENN
CHIEF ENERGY OFFICER

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Testimony of
SCOTT J. GLENN, Chief Energy Officer

before the
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Wednesday, February 23, 2022
2:00 PM

State Capitol, Conference Room 329 & Videoconference

**SUPPORT
HB 2089, HD1
RELATING TO RENEWABLE PORTFOLIO STANDARDS.**

Chair Johanson, Vice Chair Kitagawa, and Members of the Committee, the Hawai'i State Energy Office (HSEO) strongly supports HB 2089, HD1, an Administration measure, which amends the definition of "renewable portfolio standard" to be a percentage of electrical energy generation, rather than sales. It clarifies that customer-sited fossil fuel generation is beyond an electric utility company's reasonable control.

HSEO finds that HD1 acknowledges the importance of activities and policies beyond those of the utility, while clarifying and increasing the statutory renewable energy requirements applicable to Hawai'i's electric utilities after 2030.

Importantly, the bill allows the law's existing provisions for necessary adjustment by the Public Utilities Commission, including adjustments of requirements, and penalties and incentives, to remain in place.

It has been generally understood for several years that the calculation should and must change to be consistent with public understanding, Hawai'i's policies (including the enactment in 2018 of Hawai'i's carbon net negative goal),¹ and increasing concerns over continued reliance on imported fossil fuels.

By making this change now, just after completing the 2020 milestone and several years in advance of the 2030 milestone, it gives a greater degree of clarity and certainty

¹ [Section 225P-5, Hawai'i Revised Statutes.](#)

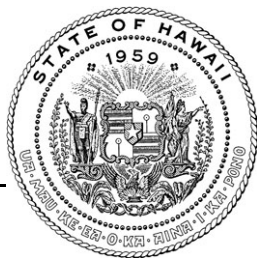
to Hawai'i's electric utilities, as well as to the public, regarding Hawai'i's "100% renewable" objective.

It is important that we make this change at this time. As noted in the bill, it would be possible to reach the "100 per cent renewable portfolio standard" (with the current definition, based on sales) with only 79 per cent of Hawai'i's electricity produced from renewable sources and the other 21 per cent still generated from fossil fuel.

When the original version of the renewable portfolio standards law was enacted, over twenty years ago, there were several competing objectives that led to the bill language as it exists today, in which a formula is used to calculate the renewable energy percentage in a way that does not accurately capture the amount of renewable energy on the system and allows for greater use of fossil fuels. HSEO believes that the more intuitively correct approach to the RPS calculation, in addition to numerous policies, incentives, requirements, and other constraints, will together accelerate the reduction in the use of fossil fuels to generate electricity in Hawai'i.

I thank the Committee for hearing this bill and respectfully request your approval of it.

Thank you for the opportunity to testify.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

CHUNG I. CHANG
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Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Wednesday, February 23, 2022
2:00 PM

State Capitol, Conference Room #329 & Videoconference

In consideration of
HB2089, HD1
RELATING TO RENEWABLE PORTFOLIO STANDARDS.

Chair Johanson, Vice Chair Kitagawa, and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) strongly supports this Administrative measure, HB2089, HD1, that amends the definition of renewable portfolio standard to be a percentage of electrical energy generation, rather than sales.

This bill will simplify the calculation, using renewable generation in the numerator and total generation in the denominator and allow the results of the calculation (the math) to better match Hawai'i's stated energy goal (the language).

Thank you for the opportunity to testify.

HB-2089-HD-1

Submitted on: 2/18/2022 8:35:11 PM

Testimony for CPC on 2/23/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Ted Bohlen	Climate Protectors Hawai'i	Support	No

Comments:

To: The Honorable Aaron Ling Johanson, Chair, the Honorable Lisa Kitagawa, Vice Chair, and members of the House Consumer Protection and Commerce Committee

From: Climate Protectors Hawai'i (by Ted Bohlen)

Re: Hearing: HB2089 HD1 **RELATING TO RENEWABLE PORTFOLIO STANDARDS.**

Hearing: Wednesday, February 23, 2022, 2:00 p.m., Rm. 211 and by videoconference

Aloha Chair Johanson, Vice Chair Kitagawa, and members of the House Consumer Protection and Commerce Committee:

The Climate Protectors Hawai'i is a group focused on reversing the climate crisis and encouraging Hawai'i to lead the world towards a safe and sustainable climate and future. **The Climate Protectors Hawai'i STRONGLY SUPPORTS HB2089!**

This bill would amend the renewable portfolio stand (RPS) definition to more accurately reflect the percentage of renewable energy use in the State by basing it on generation rather than sales. It would add customer-sited generation distributed energy resources (DER) into the denominator of the RPS calculation. Under the current RPS definition, customer-sited, grid-connected DER is only included in the numerator. This overstates the electric utility's actual progress on renewable energy adoption.

This change is needed to accurately track utilities' renewable energy percentages.

Please pass this bill! Mahalo!

Climate Protectors Hawai'i (by Ted Bohlen)



Email: communications@ulupono.com

HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Wednesday, February 23, 2022 — 2:00 p.m.

Ulupono Initiative supports HB 2089 HD 1, Relating to Renewable Portfolio Standards.

Dear Chair Johanson and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food; renewable energy and clean transportation; and better management of freshwater and waste.

Ulupono supports HB 2089 HD 1, which amends the definition of renewable portfolio standard (RPS) to be a percentage of electrical energy generation rather than sales, excluding customer-sited fossil fuel generation and expands the events or circumstances that are beyond an electric utility company's reasonable control to include non-renewable energy generated by electric generation facilities over or of which the electric utility does not have a Power Purchase Agreement (PPA), direct control or ownership.

Ulupono remains supportive of amending the RPS definition to more accurately reflect the percentage of renewable energy use in the State by including customer-sited generation distributed energy resources (DER) into the denominator of the RPS calculation. Under the current RPS definition, customer-sited, grid-connected DER is only included in the numerator. This overstates the electric utility's actual progress on the State's level of renewable energy adoption. Pursuant to Act 97, SLH 2015 (Act 97), for the year 2020, Hawai'i was to generate 30 percent of the state's electricity from renewable resources. According to Hawaiian Electric's 2020 RPS Status Report, under the current RPS definition, the utility reported a consolidated RPS of 34.5 percent, of which customer-sited generation accounted for 47.3 percent of the total consolidated megawatt hours (MWh) of electrical energy generated from renewable energy sources.¹ In comparison, if the corrected RPS definition was applied for 2020, Hawaiian Electric's consolidated RPS would be 25.6 percent, 8.9 percent less than the reported consolidated RPS total for 2020, and 4.4 percent less than 2020 RPS target established by Act 97.

Investing in a Sustainable Hawai'i

If passed, this measure would more accurately reflect the legislative intent of Act 97, SLH 2015, and would be appropriately aligned with the Public Utilities Commission's (PUC) recent decision in the Performance-Based Regulation docket, to provide the electric utility with financial rewards for exceeding interim year RPS targets based on the corrected RPS percentage.ⁱⁱ

As Hawai'i's energy issues become increasingly complex and challenging, we appreciate this committee's efforts to look at policies that support the continued implementation of renewable energy resources throughout the islands.

Thank you for this opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

ⁱSee Hawai'i Public Utilities Commission, Docket 2007-0008, [Hawaiian Electric's 2020 Renewable Portfolio Standard Status Report](#), filed February 12, 2021.

ⁱⁱSee Hawai'i Public Utilities Commission, Docket 2018-0088 – Instituting a Proceeding to Investigate Performance Based Regulation, Decision and Order 37507 at 116. “The structure of the [Renewable Portfolio Standard-Accelerated] PIM is as follows...the metric will be the Companies' annual compliance with the RPS (% and year-based milestone), on a consolidated basis. The PIM will utilize a “corrected” methodology, where the RPS will be calculated based on the total system renewable generation divided by total system generation of electricity, rather than division by net sales.”



HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

February 23, 2022, 2:00 P.M.

Video Conference

TESTIMONY IN SUPPORT OF HB 2089

Aloha Chair Johanson, Vice Chair Kitagawa, and members of the Committee:

Blue Planet Foundation **supports HB 2089, which would implement an accounting correction for the state’s renewable portfolio standard (RPS) calculation.** Currently, the state’s RPS calculation can provide utilities with “double credit” for some distributed energy sources, such as rooftop solar. This leads to the outcome that the calculated RPS can be greater than the actual percentage of renewable energy on Hawaii’s electric grids. House Bill 2089 would revise the RPS accounting calculation to address this outcome.

While power supply planning to date has not been hampered by this faulty calculation, it nonetheless creates uncertainty and lack of clarity for consumers. This is a long-standing problematic feature of Hawaii’s energy targets. As an example, the circa-2008 clean energy initiative goal of 70% renewable energy was actually a 40% renewable energy goal, with a supporting energy efficiency goal of 30%. Consumers were endlessly confused by the reference to “70%.”

Fixing the RPS calculation is intended to avoid repeating that mistake. **100% renewable energy should mean 100% renewable energy.**

Thank you for the opportunity to provide testimony.



**Hawaiian
Electric**

**TESTIMONY BEFORE THE HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE**

HB 2089 HD 1

Relating to Renewable Portfolio Standards

Wednesday, February 23, 2022

02:00 pm, Agenda Item #10

State Capitol, Conference Room 329 & Videoconference

Marc Asano

Director, Integrated Grid Planning

Hawaiian Electric

Chair Johanson, Vice Chair Kitagawa, and Members of the Committee:

My name is Marc Asano and I am testifying on behalf of Hawaiian Electric Company **in support of HB 2089 HD1**, Relating to Renewable Portfolio Standards.

HB 2089 HD1 amends the definition of renewable portfolio standard for electric utility companies to be a percentage of electrical energy generation, rather than sales.

Hawaiian Electric supports HD1 to change the RPS definition for an electric utility from a percentage of sales to a percentage of generation, excluding customer-sited fossil fuel generation. In 2021, Hawaiian Electric achieved an RPS of 38 percent as a percentage of sales, which translated to roughly 31.5 percent of renewable electrical energy generation. Hawaiian Electric expects to continue to make significant progress on the RPS over the next few years. This includes executing on our ambitious Climate Change Action Plan to reduce carbon emissions in 2030 by as much as 70 percent below 2005 levels. Over the next eight years we anticipate a steady pace of cost-effective renewable energy resources coming online to reduce the use of fossil fuels to generate electricity. Key elements of Hawaiian Electric's 2030 plan include:

- Shutting down the state's last coal plant in 2022;

- Adding nearly 50,000 rooftop solar systems to the 90,000 now online;
- Retiring at least 6 fossil-fueled generating units and significantly reducing the use of others as new renewable resources come online;
- Adding renewable energy projects capable of generating a total of at least 1 gigawatt, including shared solar (community-based renewable energy);
- Using more grid-scale and customer-owned energy storage;
- Expanding geothermal resources; and
- Creating innovative programs that provide customers incentives for using clean, lower-cost energy at certain times of the day and using less fossil-fueled energy at night.

Hawaiian Electric notes a couple of policy implications of this bill. First, calculating RPS as a percentage of generation versus sales, will require more renewable generation to achieve the same percentage. Therefore, additional land may be required to site renewable energy projects. As indicated above, in 2021 there was about a 6.5 percent difference in RPS between the current RPS calculation and the proposed calculation under this bill. Second, to truly achieve the state's net negative decarbonization goal pursuant to H.R.S. §225P-5, the availability of fossil fuels for use in the State should be addressed at a broader policy level to ensure that transportation, industry, electricity, and other sectors, are mandated to comply with State energy policy. For example, customers choosing to generate their own electricity using fossil fuels, would be counterproductive to achieving the State's decarbonization goals. Today, there are large customers who have on-site generation that use fossil fuels. In the future, this could increase if, for example, renewable energy is more expensive than

fossil fuels, and makes economic sense for large (or residential) customers to therefore supply their own load with fossil fueled generation.

Accordingly, Hawaiian Electric supports HB 2089 HD1 while offering other comments for your consideration. Thank you for this opportunity to testify.



Testimony to the Committee on Consumer Protection and Commerce
Wednesday, February 23, 2022

2:00 PM

VIA Video Conference and Conference Room 325, Hawaii State Capitol
HB 2089 HD1

Chair Johanson, Vice Chair Kitagawa, and members of the committee,

Hawaii Clean Power Alliance (HCPA) **supports** HB 2089 HD1, which amends the definition of renewable portfolio standard to be a percentage of electrical energy generation rather than sales.

Hawaii Clean Power Alliance is a nonprofit alliance organized to advance and sustain the development of clean energy in Hawaii. Our goal is to support the state's policy goal of 100 percent renewable energy by 2045. We advocate for utility-scale renewable energy, which is critical to meeting the state's clean energy and carbon reduction goals.

In introducing this bill, the legislature prudently recognizes that in order to truly meet the 100% Renewable Portfolio Standards (RPS) for electric energy goal of 2045, the calculations and measurement tools used must truly and accurately reflect the achievement in eliminating fossil fuels in electric utilities' generation. The current RPS measurement standard relies on sales rather than generation, thus inflating the number to include energy generated by those other than the utility. It also eliminates any losses that might occur between generation and the meter, again inflating the number. By simply shifting from sales to generation, these discrepancies are resolved.

The electric utilities next milestone for achievement of RPS occurs in 2030, providing time for this adjustment in definition and current statute provides for provisions for events or circumstances that are beyond an electric utility company's reasonable control.

We ask the committee to pass this bill.

Thank you for the opportunity to testify.

HB 2089 HD 1 TESTIMONY

To: House Committee on Consumer Protection and Commerce
Hearing on Feb. 23, 2022 at 2:00 p.m.

From: John Kawamoto

Position: Support

The Hawaii Legislature passed the renewable portfolio standard law more than 20 years ago to ensure that the generation of electrical energy transitions from fossil fuels to renewable energy. The intent of that law was to ensure “a minimum percentage of renewable energy resources within an overall resource portfolio.”

The current standard based on sales is misleading because it can overestimate the proportion of electricity generated by renewables. Currently, a 100% renewable portfolio standard can be attained when only 79% of the electricity is actually renewable and 21% is still fossil fuel. Changing the renewable portfolio standard so that it is based on generation rather than sales would ensure that the intended outcome of the renewable portfolio standard law is achieved.

For the foregoing reasons I support the bill.

HB-2089-HD-1

Submitted on: 2/21/2022 1:27:20 PM

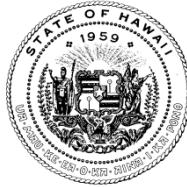
Testimony for CPC on 2/23/2022 2:00:00 PM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Scott Kidd	Individual	Support	No

Comments:

Lets continue to work towards a carbon neutral future and fossil fuel free energy systems!

DAVID Y. IGE
GOVERNOR



TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

Deputy Directors
ROSS M. HIGASHI
EDUARDO P. MANGLALLAN
PATRICK H. MCCAIN
EDWIN H. SNIFFEN

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
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HONOLULU, HAWAII 96813-5097

February 23, 2022
2:00 p.m.
State Capitol, Teleconference

LATE

**H.B. 2089, H.D. 1
RELATING TO RENEWABLE PORTFOLIO STANDARDS.**

House Committee on Consumer Protection and Commerce

The Department of Transportation (DOT) **supports** this Administration bill to amend the renewable portfolio standard (RPS) definition to more accurately reflect the amount of renewable energy generation in Hawaii by amending the RPS calculation to be based on electrical energy generation as opposed to electrical energy sales.

By accurately defining the RPS, the Legislature will ensure that the intent of Act 97(15) is met; namely, to establish a one hundred per cent renewable portfolio standard by 2045 in order to transition the State away from imported fuels and toward renewable local resources. This further supports DOT's pursuit of clean energy in the transportation sector. In particular, it supports the cost-effective electrification of transportation using indigenous renewable resources while simultaneously helping to reduce our State's carbon pollution.

Thank you for the opportunity to provide testimony.