



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

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Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Thursday, February 10, 2022
9:00 AM

State Capitol, Conference Room #325 & Videoconference

In consideration of
HB2089
RELATING TO RENEWABLE PORTFOLIO STANDARDS.

Chair Lowen, Vice Chair Marten, and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) strongly supports this Administrative measure, HB2089, 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.



DAVID Y. IGE
GOVERNOR

JOSH GREEN
LT. GOVERNOR

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

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CATHERINE P. AWAKUNI COLÓN
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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Energy & Environmental Protection
Thursday, February 10, 2022
9:00 AM
Via Videoconference**

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

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 supports this administration bill.

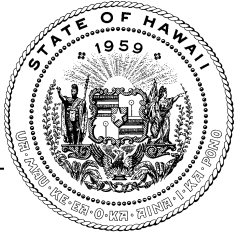
The purpose of this bill is to amend the definition of renewable portfolio standard to be a percentage of electrical energy generation, rather than sales.

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, assuming that the purpose of this language is to better understand customer decisions relating to distributed energy resources (DER) system decisions, the Department suggests that it might be appropriate to consider adding the proposed language to a different section of HRS 269, such as HRS 269-110. If, however, the concern is not limited to just DER system impacts on customer retention but a more general concern, then the Department respectfully suggests that it might be appropriate to consider an alternative section or create a different section of HRS 269, rather than inserting the proposed language in section 269-92, to clarify that such tracking should be of a general nature.

Thank you for the opportunity to testify on this bill.



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 ENERGY & ENVIRONMENTAL PROTECTION

Thursday, February 10, 2022
9:00 AM

State Capitol, Conference Room 325 & Videoconference

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

Chair Lowen, Vice Chair Marten, and Members of the Committee, the Hawai'i State Energy Office (HSEO) strongly supports HB 2089, an Administration measure, which amends the definition of renewable portfolio standard to be a percentage of electrical energy generation, rather than sales.

HSEO's testimony is guided by its mission to promote energy efficiency, renewable energy, and clean transportation to help achieve a resilient, clean energy, decarbonized economy.

It is important that we make this change now. 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.

The current calculation does not accurately capture the amount of renewable energy on the system and allows for greater use of fossil fuels.

Therefore, it is now time to adjust the RPS calculation to reduce the amount of fossil fuel that will be used to generate electricity in Hawai'i.

I thank the Committee for hearing the bill and I encourage your approval of this measure.

Thank you for the opportunity to testify.

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

TO THE
HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION

February 10, 2022
9:00 a.m.

Chair Lowen and Members of the Committee:

MEASURE: H.B. No. 2089

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.

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.

Thank you for the opportunity to testify on this measure.



Testimony to the Committee on Energy and Environmental Protection

Thursday, February 10, 2022
9:00 AM
VIA Video Conference
Conference Room 325, Hawaii State Capitol
HB 2089

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

Hawaii Clean Power Alliance (HCPA) supports HB 2089, 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, which relies on sales rather than generation, thus inflating the number to include energy generated by others. 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.





**Hawaiian
Electric**

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

H.B. 2089

Relating to Renewable Portfolio Standards

Thursday, February 10, 2022

09:00 am, Agenda Item #5

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 **in opposition to H.B. 2089**, Relating to Renewable Portfolio Standards.

H.B. 2089 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 the intent of the bill to change the RPS definition for an electric utility from a percentage of sales to a percentage of generation. However, there are concerns that the change in definition will unfairly penalize Hawaiian Electric if customers choose to generate their own electricity using fossil fuels, as customer-sited fossil fuel generation would count towards total generation, making it impossible for Hawaiian Electric to achieve 100 percent RPS. 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.

The availability for 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.

Hawaiian Electric also notes that changing RPS to a percent of electrical energy generation instead of sales will require more grid-connected renewable energy than is currently required, and should consider other impacts such as customer electricity bills, reliability, and resilience, among others. For example, in 2020, Hawaiian Electric achieved 34.5 percent RPS as a percentage of sales, which translated to roughly 28.4 percent renewable energy as a percentage of total generation. While we expect to accelerate RPS achievement over the near-term, this bill effectively moves the goalposts on long-term planning that would put Hawaiian Electric at-risk for incurring financial penalties should H.B. 2089 be enacted into law as currently written.

Hawaiian Electric also believes this bill is not necessary at this time because under performance based regulation, Hawaiian Electric is incentivized to accelerate renewable energy on an annual basis as a percentage of generation ahead of the RPS milestones under H.R.S. §269-92.

However, Hawaiian Electric offers the following amendments to administratively mitigate concerns related to customer-sited fossil fueled generation (suggested amendments are underlined and bolded):

- **On page 3, starting on line 17:** H.R.S. §269-91 [Definitions.] "Renewable portfolio standard" means the percentage of electrical energy sales generation that is represented by renewable electrical energy, **excluding customer-sited, grid connected generation that does not produce renewable energy.**

- **On page 7, starting on line 11:** H.R.S. §269-92 (d) should be amended to capture events or circumstances that are outside of an electric utility company's reasonable control by adding the following language: **(13) non-renewable energy generated by electric generation facilities where the electric utility otherwise does not have direct control or ownership of, including, merchant or co-generation facilities, independent power producers, government and non-government agencies, and any persons or entities.**

Accordingly, Hawaiian Electric opposes H.B. 2089 while offering proposed amendments for your consideration. Thank you for this opportunity to testify.



Email: communications@ulupono.com

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Thursday, February 10, 2022 — 9:00 a.m.

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

Dear Chair Lowen 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, which amends the definition of renewable portfolio standard (RPS) to be a percentage of electrical energy generation rather than sales.

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.ⁱ 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.

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

Investing in a Sustainable Hawai'i

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.”



To: The House Committee on Energy and Environmental Protection
From: Sherry Pollack, Co-Founder, 350Hawaii.org
Date: Thursday, February 10, 2022, 9am

In strong support to HB2089

Aloha Chair Lowen, Vice Chair Marten, and Energy and Environmental Protection Committee members,

I am Co-Founder of the Hawaii chapter of 350.org, the largest international organization dedicated to fighting climate change. 350Hawaii.org is in **strong support of HB2089** which would amend the renewable portfolio standard (RPS) to more accurately reflect the percentage of renewable energy penetration in the State.

This bill provides a simple, yet necessary correction to how the RPS is calculated by changing reference to energy “sales” to energy “generation”, helping to correct the overestimation of renewable energy produced in the state, and also accounting for energy losses that occur from energy transmission. It is important that this calculation is corrected to ensure that the intended outcome is achieved.

But while it is very important to correct this calculation, it is also important to ensure our targets better reflect the current science. The UN IPCC report makes clear we must limit warming to 1.5 degrees Celsius, and that to do this it requires a major and immediate transformation across all sectors to achieve the needed emissions reductions. In light of this scientific information about the climate emergency, we need to accelerate our adoption of renewable energy. That said, we respectfully recommend that the renewable energy target for 2030 be increased from the current 40% to 80% of generation. Accelerating our pathway to transition to 100% renewable energy is not only critically necessary, but doable. We urge you to consider this amendment.

Mahalo for the opportunity to testify in **strong support** of this very important bill.

Sherry Pollack
Co-Founder, 350Hawaii.org



HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

February 10, 2022, 9:00 A.M.

Video Conference

TESTIMONY IN SUPPORT OF HB 2089

Aloha Chair Lowen, Vice Chair Marten, 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.

HB-2089

Submitted on: 2/9/2022 6:24:10 AM

Testimony for EEP on 2/10/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Paul Bernstein	Individual	Support	No

Comments:

Aloha Chair Lowen and Vice Chair Marten:

I'm writing in support of HB2089. By replacing "sales" with "generation" in the RPS calculation, this bill 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.

Respectfully,

Paul Bernstein

HB 2089 TESTIMONY

To: House Committee on Energy and Environmental Protection
Hearing on Feb. 10, 2022 at 9:00 a.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 current standard based on sales is misleading because it can overestimate the proportion of electricity generated by renewables. A 100% renewable portfolio standard level can be attained when actually only 79% of the electricity is renewable and 21% still fossil fuel. Changing the renewable portfolio standard so that it is based on generation, rather than sales, would ensure that the intended outcome is achieved.

For the foregoing reasons I support the bill.