



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
KA 'OIHANA PILI KĀLEPA
335 MERCHANT STREET, ROOM 310
P.O. BOX 541
HONOLULU, HAWAII 96809
Phone Number: (808) 586-2850
Fax Number: (808) 586-2856
cca.hawaii.gov

JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

NADINE Y. ANDO
DIRECTOR | KA LUNA HO'OKELE

DEAN I HAZAMA
DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Energy & Environmental Protection
Tuesday, February 6, 2024
10:00 a.m.
Conference Room 325**

**On the following measure:
H.B. 2770, RELATING TO THE PUBLIC UTILITIES COMMISSION**

Chair Lowen and Members of the Committee:

My name is Michael Angelo, 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: (1) require the Public Utilities Commission (Commission) to establish reliability standards and interconnection requirements for the Hawaii electric system; (2) establish system resilience as a metric that is monitored and considered by the Commission; (3) require the Commission to collect the Hawaii electricity reliability surcharge and provides that the surcharge may be transferred to the Commission for the purpose of its duties; and (4) require the Commission to contract for the performance of certain of its functions with a Hawaii Electricity Reliability Administrator.

The Department appreciates and supports the bill's intent for the Commission to prioritize system reliability, resilience, and interconnection. The Department offers that

reliability, resilience, and interconnection are system-wide considerations that are interrelated and affect the planning and design of the grid which in turn impacts all customers. As such, the Department supports these issues being addressed within on-going regulatory efforts.

The Department has concerns regarding the requirement to hire a reliability administrator and impose a reliability surcharge. The Department believes that with on-going regulatory efforts, existing reporting requirements, and existing performance incentive mechanisms (PIMs) (PIMs only apply to Hawaiian Electric) the Commission can assess, compel, and incentivize the electric utilities to attain sufficient reliability targets, continued progress on interconnecting renewable energy systems, and develop and achieve resiliency goals. As an example, the Department notes that the Commission previously enacted PIMs for Hawaiian Electric that use performance reliability indices common to the electric utility industry as metrics to assess the reliability of Hawaiian Electric's generation, transmission, and distribution. Insufficient performance results in Hawaiian Electric being assessed penalties.

The Department does not support establishing an electricity reliability surcharge because providing safe and reliable utility service is the one of the most fundamental and central expectations of customer service across all electric utilities. As an example, Hawaiian Electric states that its vision for the company and Hawaii is, "to empower our customers and communities with affordable, reliable, clean energy, and provide innovative energy leadership for Hawaii" (See <https://www.hawaiianelectric.com/about-us/our-vision-and-commitment>).

Thank you for the opportunity to testify on this bill.

TESTIMONY OF
LEODOLOFF R. ASUNCION, JR.
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

TO THE
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Tuesday, February 6, 2024
10:00 a.m.

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

MEASURE: H.B. 2770

TITLE: RELATING TO THE PUBLIC UTILITIES COMMISSION.

DESCRIPTION: Requires the Public Utilities Commission to establish reliability standards and interconnection requirements for the Hawaii electric system. Establishes system resilience as a metric that is monitored and considered by the Commission. Requires the Commission to collect the Hawaii electricity reliability surcharge and provides that the surcharge may be transferred to the Commission for the purpose of its duties. Requires the Commission to contract for the performance of certain of its functions with a Hawaii Electricity Reliability Administrator.

POSITION:

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

COMMENTS:

The Commission supports this measure and its intent to require the Commission to improve the reliability and resilience of Hawaii’s electricity grid.

The Commission recognizes that grid reliability and resilience are more important than ever, particularly after the wildfires in August 2023, in Lahaina, Maui, and given the growing natural disaster risks posed by climate change that Hawaii’s electric grid faces. However, there are trade-offs between a more resilient grid and a more reliable one, making balancing the two priorities increasingly difficult. The Commission believes H.B. 2770 would benefit the public by ensuring grid reliability and resilience are appropriately balanced by a Hawaii Electricity Reliability Administrator.

Thank you for the opportunity to testify on this measure.



**Hawaiian
Electric**

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

HB 2770

Relating to the Public Utilities Commission

Tuesday, February 6, 2024

10:00 a.m., Agenda Item #1

State Capitol, Conference Room 325 & Video Conference

Rebecca Dayhuff Matsushima
Vice President, Resource Acquisition
Hawaiian Electric

Dear Chair Lowen, Vice Chair Cochran, and Members of the Committee,

My name is Rebecca Dayhuff Matsushima and I am testifying on behalf of Hawaiian Electric in **opposition** to HB 2770, Relating to the Public Utilities Commission.

HB 2770 proposes requiring the Public Utilities Commission (“PUC” or “Commission”) to develop reliability standards and interconnection requirements, collect a Hawaii electricity reliability surcharge, and contract with a third party to serve as the Hawaii electricity reliability administrator.

Hawaiian Electric understands the significance of the issues raised in HB 2770 relating to resilience of the electrical grid and is implementing solutions for improving reliability and resiliency. Hawaiian Electric does not oppose the addition of the term “resilience” to §269-145.5 specifically; however, in other instances, as described below, the Company opposes mandating the implementation of the Hawaii electricity reliability administrator or surcharge as the Commission is actively investigating and taking

action on reliability and resilience through a number of open proceedings currently before the Commission.

Hawaiian Electric notes that the PUC already has the authority to determine reliability (and resilience) standards and interconnection requirements without this change in law, and Hawaiian Electric and the PUC are working together to improve the interconnection process through active regulatory proceedings related to Request for Proposals for renewable energy resources. Additional regulation may increase electric rates for customers through increased developer and Hawaiian Electric project costs and delay project development efforts without granting any additional authority to the PUC, which already has broad supervisory statutory oversight over the interconnection process and the ability to set timelines and penalties. For example, the PUC has established an interconnection performance incentive mechanism to impose on Hawaiian Electric to ensure timely completion of interconnection requirement studies for renewable projects.

As proposed, the mandatory collection of a Hawaii electricity reliability surcharge and establishment of the Hawaii Electricity Reliability Administrator (HERA), would also result in additional costs to Hawaiian Electric customers and is not the most cost-effective way to achieve the goals stated in this bill. The intended functions of the HERA are already being pursued by the PUC.

A similar bill introduced in the 2022 session resulted in Act 201, which mandated a study by an independent consultant of the interconnection process. The first phase of such study was concluded at the end of 2022 and the second phase's report was issued at the end of 2023. As described in the Act 201 Phase 2 report, the PUC has contracted with two entities to perform the interconnection oversight and system

operations oversight functions of the HERA for the Company's Stage 3 and CBRE renewable energy RFPs, and will continue to pursue the duties and goals outlined for the HERA through the Independent Engineer (IE) and relevant proceedings.

Importantly, the Act 201 Phase 2 report notes, "the Commission will continue to pursue the most cost-effective approach to achieve the goals set out for the HERA in acknowledgement of the potential ratepayer impacts that would result from the formation of the HERA."

The Act 201 reports suggested a number of improvements to the process, which are currently being implemented by Hawaiian Electric and the PUC. Improvements directed to Hawaiian Electric and that Hawaiian Electric is implementing include the following:

Summary of Recommendation	Company Response
The Companies should review interconnection related tariff/rules and revise, if necessary, to provide technical clarity and consistency in terms of interconnection requirements.	The Company is working on consolidating these requirements.
The Companies should consider using a multi-step approach to request interconnection data from the bidders to streamline and reduce costs of Bid Preparation for Developers.	The Company is building a process for the next round of Request for Proposals later this year that will enable developers to receive interconnection data at multiple points in the procurement process and make changes accordingly.
The Companies should consider providing adequate interconnection related information to the bidders in an easily accessible way during the pre-bid period via a templated "Pre-Application" report at the interested Point of Interconnection (POI) or substation.	For the upcoming Request for Proposals in 2024, the Company intends to provide interconnection-related information to bidders via a templated report.

<p>The Companies should develop comparable interconnection cost metrics for self-build and Independent Power Producer (IPP)-built projects so that interconnection costs can be directly compared.</p>	<p>For the upcoming Request for Proposals, the Company is looking into requiring self-build and IPP proposals to submit interconnection costs in a consistent manner.</p>
<p>The Companies could develop a concise centralized location for bidders to understand the interconnection process.</p>	<p>The Company is preparing to launch an interconnection website that will include this information.</p>
<p>The Companies should share the established Interconnection Dispute Resolution Process (IDRP) with developers by communicating directly with Stage 3 RFP bidders. For any future RFP process, the Commission should ensure that the Companies include the established IDRP process in the RFP document.</p>	<p>The IDRP is a public document. The Company has shared it with the Stage 3 developers and will include the process in the IGP RFP.</p>

Thank you for this opportunity to testify in opposition to HB 2770. Since the intended goals of HB 2770 are already being pursued, we request this bill be held.



Testimony to the Committee on Energy & Environmental Protection
February 6, 2024, 10:00 AM
Conference Room 325 & Via Videoconference
HB 2770

Chair Lowen, Vice Chair Cochran, and Members of the Committee,

Hawaii Clean Power Alliance (HCPA) **supports** HB 2770, which requires the Public Utilities Commission to establish reliability standards and interconnection requirements for the Hawai'i electric system through the implementation of the Hawaii Electric Reliability Administrator. Doing this establishes system resilience as a metric that is monitored and considered by the Commission. This also requires the Commission to collect the Hawai'i electricity reliability surcharge and provides that the surcharge may be transferred to the Commission for the purpose of its duties, an investment that will pay dividends to the State. This also requires the Commission to contract for the performance of certain of its functions with a Hawaii Electricity Reliability Administrator, an independent entity that will provide transparency to the citizens of Hawai'i.

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.

The role of the Public Utilities Commission is to regulate the public utilities including the electric utilities. Given the critical nature of energy infrastructure to the health and safety of our residents and businesses as well as the impact to national security, it is highly appropriate for the Commission to establish and monitor reliability standards, resiliency measures and be responsible for interconnection requirements.

The recent weather-related events have seriously impacted the reliability of every island's electric grid, resulting in rolling blackouts. Natural and man-made disasters have highlighted the critical and timely transformation of how Hawaii manages a resilient grid. Appropriately, after two years of study by the public utilities commission on interconnection standards, costs, issues, and opportunities the commission can take the results of their studies and create interconnection requirements that will benefit the ratepayer. Interconnection standards, overseen by the Hawaii Electric Reliability Administrator can help to expedite more renewable projects integrated into the grid at a cost-effective rate.

We ask that the Committee pass this measure.

We appreciate the opportunity to testify.

HB-2770

Submitted on: 1/31/2024 7:20:37 PM

Testimony for EEP on 2/6/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Justin Silva	Individual	Oppose	Written Testimony Only

Comments:

Requires the Commission to collect the Hawaii electricity reliability surcharge and provides that the surcharge may be transferred to the Commission for the purpose of its duties. Requires the Commission to contract for the performance of certain of its functions with a Hawaii Electricity Reliability Administrator.

HB-2770

Submitted on: 1/31/2024 9:53:49 PM

Testimony for EEP on 2/6/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Beth Anderson	Individual	Support	Written Testimony Only

Comments:

Why hasn't the Public Utilities Commission been a watchdog for the consumer for years? We have an electric company that doesn't deliver reliable energy service, charges exorbitant rates and doesn't provide enough renewable energy options so that we can reach 100% renewable energy in our state. We should be able to achieve energy independence if we choose so that we don't have to depend on HECO for our energy needs, but there isn't a feasible way that can be done. HECO is holding consumers hostage and the public utilities commission does nothing about it.

HECO has always neglected to upgrade their grid, their equipment, or maintain it. The consumer pays higher and higher rates but the service never gets better, and the consumer, especially business owners, suffer costly financial losses from HECO blackouts. The public utilities commission never does anything about this. Why isn't the commission looking out for the public? The commission seems to look the other way as HECO neglects the customer and charges unreasonable rates.

We personally, like most customers, were recently put on net metering, something we don't want, but were told we have no choice regarding it. Basically, we are now charged more for our energy use because with net metering consumers are charged more for energy use in the evening. The time when people are home from work, cooking dinner, running the dishwasher, maybe the washing machine, watching TV, using their computers, using lighting, taking hot showers, etc.

Basically, the consumer is now being punished for going to work and having to do use the bulk of their energy in the evening when the electric company has decided to charge them its highest rates.

Please require the Public Utilities Commission to look out for the consumer, instead of HECO's interests exclusively. Stop allowing HECO to give exorbitant bonuses to their board members while gouging the consumer, not providing green energy, or renewable energy resources to the consumer, and for years not providing reliable energy services at a reasonable, fair rate.

Thank you for considering my views.

HB-2770

Submitted on: 2/1/2024 11:09:39 AM

Testimony for EEP on 2/6/2024 10:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Regina Gregory	Individual	Oppose	Written Testimony Only

Comments:

This will raise our electric rates for something that should already be a feature of power supply.