



# HAWAII STATE ENERGY OFFICE STATE OF HAWAII

JOSH GREEN, M.D.  
GOVERNOR

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CHIEF ENERGY OFFICER

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Testimony of  
**MARK B. GLICK, Chief Energy Officer**

before the  
**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

Tuesday, January 31, 2023  
8:30 AM  
State Capitol, Conference Room 325 and Videoconference

In Support of  
**HB 348**

## **RELATING TO RENEWABLE ENERGY.**

Chair Lowen, Vice Chair Cochran, and Members of the Committee, the Hawaii State Energy Office (HSEO) supports HB 348, which allows the counties to establish, by ordinance, an opt-in program that allows an annual payment in lieu of real property taxes on the land or improvements thereon that are actively used to produce or store renewable energy that is sold to an electric utility.

HSEO points out recent occurrences where county property tax assessments were suddenly and dramatically increased on certain renewable energy projects on O'ahu. Such unexpected and extreme increases in tax liability significantly impact the financial viability of renewable energy projects and may deter developers from bidding on upcoming requests for proposals. For renewable energy projects currently operational and those under development that were selected during a competitive procurement process, after-the-fact tax increases adversely affect Hawaii's reputation as being a great place to invest in renewable energy projects.

While the situation was partially remedied by the City and County of Honolulu's rapid adoption of Ordinance 21-32, HSEO and others have outstanding concerns due to the ordinance's complexity and ambiguity. Therefore, HSEO supports a long-term solution that provides for tax predictability and does not increase the tax liability that was in place at the time the existing and developing projects were financed, competitively bid, and approved by the Public Utilities Commission.

The approach set forth in HB 348 provides predictability for all parties involved and greatly reduces development risk and costs if adopted by the counties.

HSEO has been informed by the City and County of Honolulu that HB 348's provisions are necessary for the County to take this approach. Enacting HB 348 is a critical measure to help restore consistency and predictability for future tax revenues of counties by ensuring renewable projects continue to be developed. Reducing risk of future renewable energy projects will ensure Hawaii continues its progress on replacing fossil fueled electricity generation facilities, protecting Hawai'i's most vulnerable ratepayers, and advancing the state's renewable energy goals.

HSEO looks forward to working with the counties to adopt an appropriate in-lieu payment for renewable energy projects within their respective real property tax ordinances. This bill will provide the first step in adoption at the county level.

Thank you for the opportunity to testify.



Email: [communications@ulupono.com](mailto:communications@ulupono.com)

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION  
Tuesday, January 31, 2023 — 8:30 a.m.

**Ulupono Initiative supports HB 348, Relating to Renewable Energy.**

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 choices, and better management of freshwater resources.

**Ulupono supports HB 348**, which allows the counties to establish, by ordinance, an opt-in program that allows an annual payment in lieu of real property taxes on the land or improvements thereon that are actively used to produce or store renewable energy that is sold to an electric utility.

Ulupono supports the State's commitment to generate 100% of its electricity from renewable energy sources by 2045. To achieve this goal, all counties will undoubtedly need to rely on commercial-scale renewable energy projects. As such, regardless of the process that derived such significant increases in property taxes on certain renewable energy projects, Ulupono supports the intent of this measure to ease the newly created tax burden on certain renewable energy projects.

Ulupono believes that counties should also be cognizant of the process by which renewable energy developers establish their pricing. Increasing property taxes for existing and future renewable energy projects will almost certainly increase the cost of renewable energy and affect the viability/timeline of renewable energy projects in development, slowing the pace at which Hawai'i can achieve its 2045 clean energy goal.

We appreciate the State's attempt to allow positive county alternatives to support renewable energy projects across Hawai'i.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata  
Director of Government Affairs

*Investing in a Sustainable Hawai'i*

**Clearway Energy Group**  
100 California Street, Floor 4  
San Francisco, CA 94111

clearwayenergygroup.com



January 30, 2023

Via Electronic Submittal

**COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

Rep. Nicole E. Lowen, Chair  
Rep. Elle Cochran, Vice Chair

Rep. Cedric Asuega Gates      Rep. Justin H. Woodson  
Rep. Kirstin Kahaloa          Rep. Gene Ward  
Rep. Amy A. Perruso

Tuesday, January 31, 2023, 8:30 am  
State Capitol, Via Videoconference, Conference Room 325

Nicola Park  
Origination Manager, Clearway Energy Group

**Testimony In Support of HB 348**  
**Relating to Renewable Energy**

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

Thank you for the opportunity to testify on HB 348.

Clearway Energy Group ("Clearway") supports this bill. This bill addresses the importance of policy certainty in enabling the financing, construction, and operation of renewable energy projects in Hawaii. Long-term certainty relating to the structure of property taxation for renewable energy projects is essential for the State to be able to achieve its ambitious renewable energy goals. This bill gives the Counties another potential policy approach for achieving these goals by way of a Payment in Lieu of Taxes (PILOT).

Clearway has developed renewable projects in Hawai'i since 2019, including a 45.9 MW site in Waipi'o, a 14.7 MW site in Mililani, and a 49 MW site in Kawaihoa on O'ahu's North Shore. In addition, in August 2022, Clearway completed O'ahu's first utility-scale solar and battery project in the Mililani Agricultural Park, consisting of a 39 MW solar power plant paired with a 156 MWh battery storage system. Lastly, this month (January 2023), Clearway announced that it has achieved commercial operations on its 36-megawatt (MW) solar farm with 144 MWh of battery storage in Waiawa in Central O'ahu. Altogether, the five projects Clearway

developed on Oahu total 185 MW for Hawaiian Electric's grid and generate enough clean electricity to power more than 45,500 O'ahu homes each year.

To make both investment and sustainable operation viable, renewable energy projects must be able to maintain relatively stable expenses and revenues over time. All of Clearway's projects, as well as other utility-scale renewable energy projects, are contracted under long-term, fixed-price power purchase agreements. These fixed-price contracts provide 100% of the ongoing revenue to the projects during the duration of the contracts and must cover all operating expenses along with the projects' debt service. The cost and availability of financing for renewable energy projects is dependent upon the risk and variability in the projects' revenues and expenses. Fixed-price contracts typically enable low financing costs, reducing the total cost of the project and enabling greater ratepayer savings – but this is only possible if variability in expenses, including property taxes, can also be controlled.

Because it takes years to develop and construct a utility-scale renewable energy project, developers must estimate the property taxes to be paid over the term of the contract at the time they submit bids into a competitive solicitation. While project budgets are set to accommodate normal variability in property taxes over time, they cannot accommodate a change in land classification for real property tax purposes or a change in the assessment method for land or equipment that would result in taxes being substantially different from the status quo as of the time the projects were contracted.

If the Counties had the authority to and were to, in fact, provide a fixed option such as a payment in lieu of taxes (PILOT) that could be reliably calculated upfront for the duration of the project's contract, this would reduce uncertainty and would make possible even lower-cost financing for renewable energy projects, which would translate to lower power prices for utility ratepayers.

For these reasons noted above, Clearway supports HB 348. Thank you for this opportunity to testify.



**Hawaiian  
Electric**

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

**H.B. 348**

**Relating to Renewable Energy**

Tuesday, January 31, 2023

8:30 a.m., Agenda Item #3

State Capitol, Conference Room 325 & Video Conference

Rebecca Dayhuff Matsushima  
Vice President, Resource Procurement  
Hawaiian Electric

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 **support** of H.B. 348, Relating to Renewable Energy with a requested amendment.

H.B. 348 proposes to amend Chapter 46, Hawai'i Revised Statutes ("HRS"), by adding a new section that allows a county the option to impose an annual in-lieu payment on land or improvements on land that are actively used to produce or store renewable energy that is sold to an electric utility, provided that: (1) the county, by ordinance, exempts the renewable energy project from 100% of real property tax ("RPT"); and (2) said in-lieu annual payment may be determined by the county on a per megawatt nameplate AC capacity basis.

Hawaiian Electric supports H.B. 348, as it is a creative solution to help mitigate the potential negative impacts of RPT fluctuations on the viability of renewable energy projects. H.B. 348 sets forth a clear and simple calculation of the annual in-lieu payment that will be determined on a per megawatt nameplate AC capacity basis.

Hawaiian Electric suggests the following edit to use “power purchase contract” in the proposed changes to Chapter 46, Hawaii Revised Statutes, to be consistent with the preamble and capture the various types of contracts electric utilities utilize:

On Page 4, Line 13, we propose the following amendment: “...under a power purchase ~~agreement~~ contract to an electricity utility;”

Thank you for this opportunity to comment on H.B. 348.



**Hawaii Solar Energy Association**  
*Serving Hawaii Since 1977*

**Testimony of The Hawaii Solar Energy Association (HSEA) Regarding HB348, Relating to Renewable Energy, Before the House Committee on Energy and Environmental Protection**

**January 31, 2023**

Aloha Chair Lowen, Vice-Chair Cochran and committee members, the Hawaii Solar Energy Association (HSEA) **supports HB348**, which authorizes the counties to establish by ordinance an opt-in payment in-lieu of taxation (PILOT) program for renewable energy projects.

HSEA members include the majority of locally owned and operated renewable energy companies doing business in the state as well as leading global cleantech manufacturers and service providers that invest and sell in our market. We employ thousands of residents in diverse jobs including contractors, installers, electricians, engineers, design professionals, product managers, marketing and salespeople, financial services professionals, and service technicians. We advocate for policies that help Hawaii achieve critical climate and resilience goals by enabling residents and businesses to invest in and benefit from the transition to clean energy. Rooftop solar PV is the leading contributor to Hawaii's clean energy portfolio making up 44.6% of all renewable energy in the State.<sup>1</sup> These investments provide resilient power that reduces energy burden for all residents and businesses and contributes to energy security and reliability as we decarbonize our economy and electric grid.

On principle, renewable energy projects on agricultural or other lands as contemplated in this bill should not be classified and taxed at the same rates as industrial properties because they have markedly different attributes, benefits, and impacts. First, larger-scale renewable energy generation and storage projects are critical components of Hawaii's resilience and sustainability goals that benefit the public good and therefore are rightly incentivized by state and county policies -- a countervailing city or county policy that suppresses the market for these projects would work against these clearly understood goals. Second, renewable energy projects are not permanent and can be removed from properties with the land reverting back to prior use with little or no significant degradation. Third, solar panels and energy storage can co-exist with and enhance agricultural practices and therefore support food security and resilience and the preservation of agricultural lands. Finally, independent power producers that develop energy

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<sup>1</sup> See Hawaiian Electric's "Key Performance Metrics, Renewable Portfolio Standard compliance" available at <https://www.hawaiianelectric.com/about-us/key-performance-metrics/renewable-energy>.





**Hawaii Solar Energy Association**  
*Serving Hawaii Since 1977*

generation and storage projects for Hawaii's electric grid should not be treated differently than utility-owned properties that serve the same purpose and need and receive property tax exemptions or otherwise favorable treatment.

We appreciate the collaborative efforts to remove confusion in the market and ensure consistent, appropriate, and fair treatment of renewable energy projects that sell energy to public utilities. We will continue to advocate for additional improvements and this bill offers a viable compromise path forward.

Thank you for the opportunity to testify in **support of HB348**.

Sincerely,

***/s/ Rocky Mould***

Rocky Mould  
Executive Director



Environmental Caucus of  
The Democratic Party of Hawai'i

To: The Honorable Nicole E. Lowen, Chair  
The Honorable Elle Cochran, Vice Chair  
Committee on Energy & Environmental Protection

Re: **HB 348 – RELATING TO RENEWABLE ENERGY**

Hearing: Tuesday, January 31, 2023, 8:30 a.m., Conference 325, via videoconference

Position: **Support**

Aloha, Chair Lowen, Vice Chair Cochran and Members of the Committee on Energy & Environmental Protection:

The Environmental Caucus of the Democratic Party of Hawai'i stands in support of HB 348. This measure allows the counties to establish, by ordinance, an opt-in program that allows an annual payment in lieu of real property taxes on the land or improvements thereon that are actively used to produce or store renewable energy that is sold to an electric utility.

As provided in the Democratic Party of Hawai'i Platform adopted at the DPH State Convention on May 28, 2022, our policy is to “protect and preserve Hawai'i's environment and achieve energy sustainability, advance measures to re-establish a healthy climate and environment for humans and fellow species, including actions to urgently address climate change, and work towards 100% renewable energy goals.

We believe that all people have the right to live in a clean, healthy and safe environment. We believe that the preservation of our natural environment and its ecological well-being is essential to ensuring a safe, healthy, bountiful life for future generations in Hawai'i. We support policies that create a more sustainable society. We support the restoration, preservation, and protection of native ecosystems.

We believe that a key part of a sustainable and self-sufficient future for Hawai'i lies in achieving energy independence through a transition to clean renewable energy sources. We support policy that eliminates our dependence on fossil fuels and other dirty energy sources.”

Allowing the counties to establish, by ordinance, an opt-in program that allows an annual payment in lieu of real property taxes on the land or improvements thereon that are actively used to produce or store renewable energy that is sold to an electric utility is consistent with the policies of the Democratic Party of Hawaii as it would promote more renewable energy projects which would decrease our dependence on fossil fuels. Please support and pass this bill.

/s/ Melodie Aduja & Alan Burdick

Co-Chairs, Environmental Caucus of the Democratic Party of Hawai'i

**HB-348**

Submitted on: 1/29/2023 1:02:53 PM

Testimony for EEP on 1/31/2023 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Douglas Perrine	Individual	Support	Written Testimony Only

Comments:

I support HB348

**HB-348**

Submitted on: 1/29/2023 5:36:39 PM

Testimony for EEP on 1/31/2023 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Lisa Diaz	Individual	Support	Written Testimony Only

Comments:

Aloha EEP Chair Lowen & EEP Committee members:

**I strongly support HB348: RELATING TO RENEWABLE ENERGY.** Allows the counties to establish, by ordinance, an opt-in program that allows an annual payment in lieu of real property taxes on the land or improvements thereon that are actively used to produce or store renewable energy that is sold to an electric utility.

I support the intent to increase incentives to Hawaii residents and businesses who adopt renewable energy production and storage sold back to the grid.

Mahalo, Chair Lowen for introducing HB348 and leading the EEP committee to responsibly move our state in the right direction to become 100% renewable.

Mahalo with Aloha,

Lisa Diaz

76-223 Haoa St.

Kailua-Kona, HI 96740

**HB-348**

Submitted on: 1/29/2023 9:12:19 PM

Testimony for EEP on 1/31/2023 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Testify</b>
Gerdine Markus	Individual	Support	Written Testimony Only

Comments:

Please support. Thank you.