

DAVID Y. IGE
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CRAIG K. HIRAI
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DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY

TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
SENATE BILL NO. 2483, S.D. 1

**February 22, 2022
10:00 a.m.
Room 211 and Videoconference**

RELATING TO ENERGY

The Department of Budget and Finance (B&F) offers comments on this bill.

Senate Bill No. 2483, S.D. 1, amends Section 226-18, HRS, to include an objective in energy-related planning for the State's facility systems that all new utility scale electricity generation projects be renewable; include State policies that ensure short- and long-term provision of adequate, reasonably priced and dependable renewable energy services, prioritizing the dispatch of renewable energy generation; update the State's policies to ensure that all new utility scale electricity generation projects are renewable, prioritize renewable energy generation, and include the use of non-fossil fuel sources in the development or expansion of energy systems; and appropriate \$100,000 in general funds for FY 23 for the Hawai'i Natural Energy Institute to evaluate the benefits and costs of dispatching renewable energy resources, provided that the sum be deducted from the portion of the environmental response, energy, and food security tax that is deposited into the Energy Systems Development Special Fund (ESDSF).

B&F notes that it would be less complicated to appropriate funds directly out of the ESDSF for the purposes of this measure, rather than appropriating general funds

and then deducting the sum from the portion of the environmental response, energy, and food security tax that would have been otherwise deposited to the ESDSF.

B&F also notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

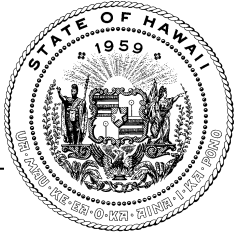
- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.



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
SENATE COMMITTEE ON WAYS AND MEANS

Tuesday, February 22, 2022
10:00 AM

State Capitol, Conference Room 211 & Videoconference

**COMMENTS
SB 2483, SD1
RELATING TO ENERGY.**

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee, the Hawai'i State Energy Office (HSEO) offers comments on SB 2483, SD1, which includes as an objective in energy-related planning for the State's facility systems that all new utility scale electricity generation projects be renewable; includes state policies that ensure short- and long-term provision of adequate, reasonably priced, and dependable renewable energy services, prioritizing the dispatch of renewable energy generation; updates the State's policies to ensure that all new utility scale electricity generation projects are renewable, prioritize renewable energy generation, and include the use of non-fossil fuel sources in the development or expansion of energy systems.

HSEO appreciates the background provided in Section 1 of the bill, regarding the importance of reducing carbon emissions and the intent to "ensure state policies that ensure short-and long-term provision of adequate, reasonably priced, and dependable" energy for Hawai'i.

HSEO has two primary concerns with the bill as written:

1. The change proposed on page 3, lines 17-19, narrows the scope of greenhouse gas emission avoidance from all energy sources to only avoiding emissions from the electricity sector.

- The change proposed on page 4, line 4 shifts the policy ensuring affordability and dependability from all energy sources, to, specifically, utility-scale renewable energy.

The first concern, regarding the change proposed to HRS 226-18(a)(4), relates to greenhouse gas emissions. As Section 1 of SB 2483 SD 1 notes, the State's zero emissions clean economy target is an economy-wide target. The most recent inventory of Hawai'i¹ indicated that stationary combustion (electricity production) accounts for almost half, and the transportation sector accounts for more than half, of the greenhouse gas emissions from Hawai'i's energy sector.

Department of Health Greenhouse Gas Inventory for Year 2017

Figure 3-2: 2017 Energy Emissions by Source

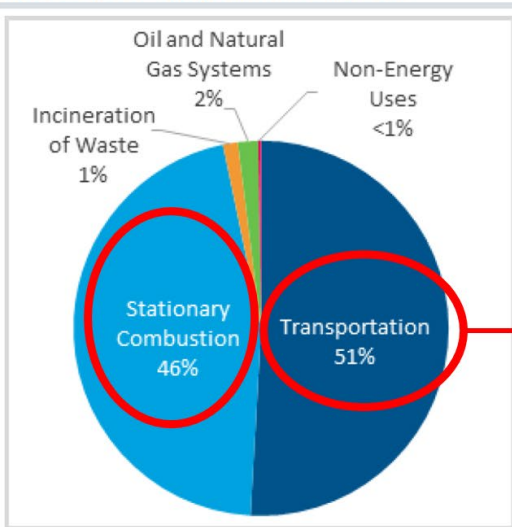
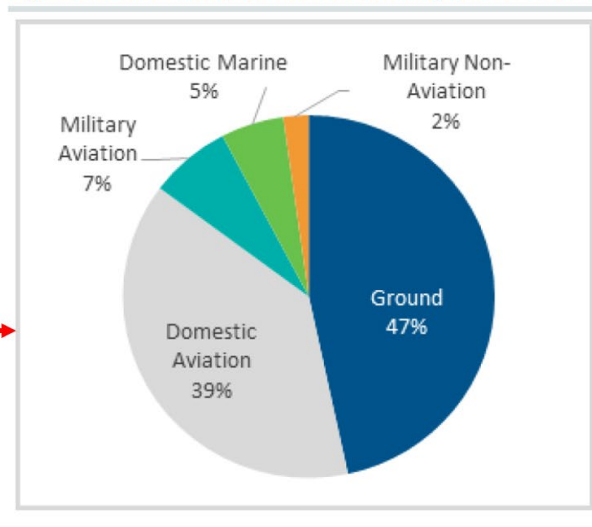


Figure 3-6: 2017 Transportation Emissions by End-Use Sector



Electricity almost half
Transportation over half

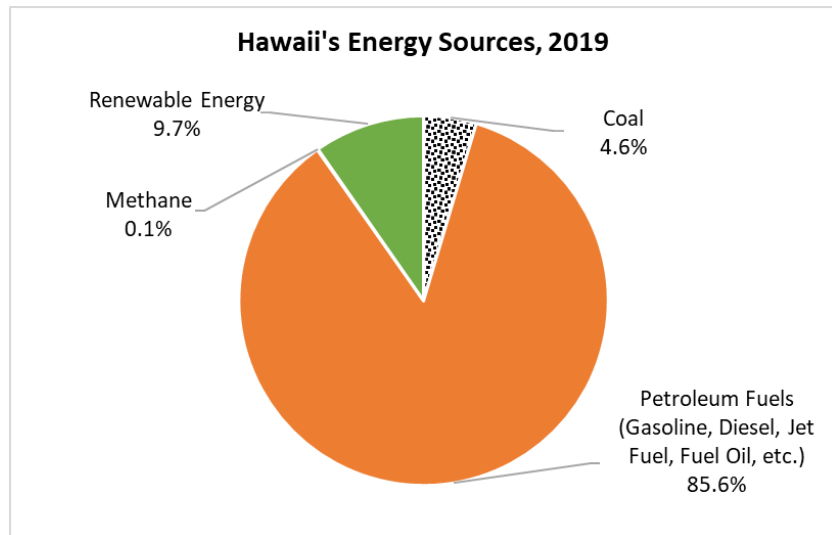
For this reason, it is important that policies addressing greenhouse gases are not inadvertently reduced in scope to focus only on the electricity sector. To avoid this situation, HSEO recommends that the proposed change to section 226-18, Hawai'i Revised Statutes (HRS), be re-phrased to have the proposed language be worded as an example, separated as a distinct enumerated item, or removed from the bill, so as

¹ State of Hawai'i. "[Hawai'i Greenhouse Gas Emissions Report for 2017](#)." April 2021.

not to narrow the scope of item (a)(4). Subparagraph (a)(4) of section 226-18, HRS, currently applies to all energy sectors. If subparagraph (a)(4) is modified as proposed by SB 2483, SD1, the scope of the objective would be narrowed from all energy to only the electricity sector.

The second concern, regarding the change proposed to Section 226-18(b), HRS, has to do with the importance of continued availability and affordability of Hawai'i's current energy supplies.

Hawai'i's current energy mix includes not only renewable energy but also a significant and important assortment of non-renewable resources. As shown in the graph, fossil fuels (coal, petroleum, and methane) currently provide over



90% of Hawai'i's energy needs, not only for electricity production, but also heating, cooking, as well as to propel vehicles, airplanes, and ships.

The availability, security, and affordability of all of Hawai'i's energy supplies are important to Hawai'i's residents and economy. Energy is a basic lifeline for all of the other lifeline services (food, water, transportation, communications, healthcare, etc.) in the state.

While Hawai'i transitions from dependence on fossil fuels (including gasoline, diesel, fuel oil, jet fuel, propane, natural gas, and others) to renewable alternatives, it is extremely important that all current energy supplies remain adequate, reasonably priced, and dependable. To avoid losing sight of the importance of current energy supplies, HSEO recommends that the proposed change to section 226-18(b) on page 4, line 4, be re-phrased or removed from the bill so as not to narrow the scope.

Subparagraph (b) of section 226-18, HRS, currently applies to all energy. However, if

subparagraph (b) is modified by adding “renewable,” the new language would narrow the focus; and, by doing so, imply a significant reduction in concern about the price, availability, and dependability of a large majority of Hawai'i's current and foreseeable energy supplies.

HSEO does not have concerns at this time with the other changes proposed by the bill. With the above recommended amendments, HSEO believes SB 2483 would be a welcome update to section 226-18, HRS.

HSEO defers to the appropriate agencies regarding Section 3 and the fiscal and administrative impacts of this measure.

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

Thank you for the opportunity to testify.



**Hawaiian
Electric**

**TESTIMONY BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS**

S.B. 2483 SD1

Relating to Energy

Tuesday, February 22, 2022

10:00 am, Agenda Item #19

State Capitol, Conference Room 211 & Videoconference

Marc Asano

Director, Integrated Grid Planning

Hawaiian Electric

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

My name is Marc Asano and I am testifying on behalf of Hawaiian Electric Company **in opposition to S.B. 2483 SD1**, Relating to Energy, **with comments in support to Section 3**.

S.B. 2483 SD1 amends Hawaii Revised Statutes, Section 226-18 to ensure that all new utility scale electric generation projects are renewable, new supply-side resources use non-fossil fuel sources, ensures short- and long- term provision of adequate, reasonably priced, and dependable renewable energy services, and prioritizes the dispatch of renewable energy generation. S.B. 2483 SD1 also appropriates moneys for Hawaii Natural Energy Institute (HNEI) to study the costs of dispatching renewable energy sources.

While we have concerns with and oppose other sections of S.B. 2483 SD1, Hawaiian Electric is committed to reducing carbon emissions in 2030 by as much as 70 percent below 2005 levels. Our ambitious Climate Change Action Plan accomplishes many of the objectives of this bill without mandates that can have unintended consequences. Over the next eight years our plan anticipates a steady pace of cost-

effective renewable energy resources coming online to reduce the use of fossil fuels to generate electricity. Key elements of the Company'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.

By 2030, Hawaiian Electric's renewable portfolio standard is targeted to exceed 70 percent, with renewable resources available to provide close to 100 percent of the electricity generated on Hawaii Island and in Maui County. Additionally, Hawaii Island and Maui County achieved 60 percent and 50 percent renewable portfolio standard respectively in 2021. We will continue to make significant gains in reducing fossil fuel usage in the coming years. Therefore, we believe our continued actions to meet state policy goals make this bill unnecessary.

Hawaiian Electric opposes Section 2 of the bill as we are concerned with the significant burden electricity bills may have on local families as a result of policies to mandate use of renewable fuels and prioritizing renewable dispatch over other energy options. Today, all resources on the system are generally dispatched economically to

the benefit of customers. For example, a renewable fuel such as biodiesel could cost roughly twice that of diesel. Therefore, customers would see significant increases to their electricity bills if Hawaiian Electric were required to dispatch its biodiesel units ahead of other alternatives. This in effect, places an especially undue burden on underserved communities that are less likely to have the means and opportunity to invest in rooftop solar and energy efficiency. Moreover, amendments such as prioritizing renewable dispatch today would conflict with other parts of H.R.S. §226-18 that state a desire for short- and long-term “reasonably priced” and “least-cost energy supply option”. Hawaiian Electric would also be obligated to re-negotiate existing power purchase agreements in order to comply with amendments being proposed.

Further, we do not think this bill is necessary at this time as Hawaiian Electric is working to issue a competitive procurement for firm renewable generation within the next few months, where it expects to determine the firm renewable energy options available today and assess the benefits and costs compared to status quo. Hawaiian Electric will need to carefully weigh both qualitative and quantitative benefits against potentially higher costs firm renewable generation options.

To address our concerns and the intent of this bill, Hawaiian Electric suggests that funding, research, and development related to renewable energy and statewide decarbonization focus on solutions to bring cost parity to locally produced low carbon, renewable fuels, and other renewable technologies such as geothermal, including new geothermal closed loop technology, and renewable hydrogen as we supported in SB 2283, among others.

Prior to enacting modifications proposed in Section 2 of this bill, Hawaiian Electric supports Section 3, which requires HNEI to perform analysis to evaluate the effects of the policy mandates proposed in Section 2.

Accordingly, Hawaiian Electric opposes S.B. 2483 SD1, with comments in support to Section 3. Thank you for this opportunity to testify.



Testimony to the Committees on Ways and Means

Tuesday, February 22, 2022

10:00 AM

**VIA Video Conference and Conference Room 211 Hawaii State Capitol
SB 2483 SD1**

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee,

Hawaii Clean Power Alliance (HCPA) **supports** SB 2483 SD1, which includes an objective in energy-related planning for the State's facility systems that all new utility scale electricity generation projects be renewable; includes state policies that ensure short-and long-term provision of adequate, reasonably priced, and dependable renewable energy services, prioritizing the dispatch of renewable energy generation; updates the State's policies to ensure that all new utility scale electricity generation, and include the use of non-fossil fuel sources in the development or expansion of energy systems; appropriates money.

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 Hawaii, the electric utility has sole discretion over what power is dispatched onto the grid, while in other jurisdictions across the mainland, that discretion sits with an Independent Systems Operator (ISO), thus ensuring an unbiased mix of energy is dispatched and any perceptions of conflict of interest are avoided. Currently in Hawaii, there is generation of renewable energy available for the grid, but it is being curtailed by the utility, wasting that valuable energy in favor of fossil fuels.

Due to a flaw in the RPS statute, fossil fuels remain a viable fuel source after 2045, but given our goal to decarbonize, it simply makes sense to prioritize renewable energy before resorting to fossil fuels. This bill recognizes that priority and makes renewable energy our future standard.

To achieve our shared decarbonization goals, the planning and policies reflected in legislative and regulatory proceedings must all reflect renewable priorities. This bill allows for that, bringing these efforts onto common ground, which is essential if our 2045 goal is to be achieved.

Transparency in this sector is more crucial than ever, with renewable energy generators bringing new fuel to the market while the utility continues to have exclusive control over the grid's output. We appreciate the utility's focus - and truly, the focus of all in the sector - to bring affordable and reliable energy to Hawaii's ratepayers, which is why we also appreciate the bill's recognition that the utility be able to "consider the least-cost energy supply option.

We request the committee to pass SB 2483 SD1.

Thank you for the opportunity to testify.

SB-2483-SD-1

Submitted on: 2/21/2022 7:55:02 AM

Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Rilan Ferreira	Individual	Support	No

Comments:

I support

LATE

SB-2483-SD-1

Submitted on: 2/21/2022 11:57:26 AM

Testimony for WAM on 2/22/2022 10:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Michael Carion	Individual	Support	No

Comments:

I support the bill

JON MIYATA
483 MAKANAA STREET
HILO, HAWAII 96720

February 21, 2022

To: Senate Ways and Means Committee

Re: Support of SB2478, SB2483, SB2511, and SB2513

I am in favor of the referenced bills as it will provide for a cleaner, safer and more dependable electrical grid utilizing renewable fuels, by providing incentives to various types of renewable energy. This will assist with diversifying our renewable energy sources, leading to cleaner and more reliable power.

Thank you for your consideration of my comments.

Sincerely,

Jon Miyata

From: [Jerry Chang](#)
To: [WAM Committee](#); [Dane Wicker](#)
Subject: In support
Date: Monday, February 21, 2022 8:46:08 AM

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Aloha,
I support SB2510, SB 2478, SB2483 and SB 2511.
Mahalo,
Jerry L. Chang
808 286-0461

From: [sophia_cabral-maikui](#)
To: [WAM Committee](#)
Subject: Support of SB 2483
Date: Sunday, February 20, 2022 9:05:56 PM

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Aloha,

Please support SB2483.

Thank you!

Sophia Cabral-Maikui

From: [Alika Maikui Jr](#)
To: [WAM Committee](#)
Subject: SB2483
Date: Sunday, February 20, 2022 9:00:46 PM

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Please support SB2483.

Mahalo!

Sent from my iPhone