



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
Senate Committee on Commerce and Consumer Protection
And
Senate Committee on Ways and Means
Wednesday, March 1, 2023
9:30 a.m.
Conference Room 211**

**On the following measure:
S.B. 1154, S.D. 1, RELATING TO ENERGY**

WRITTEN TESTIMONY ONLY

Chair Keohokalole, Chair Dela Cruz, and Members of the Committees:

My name is Dean Nishina, and I am the Acting Executive Director for 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) authorize government agencies to wheel electricity that is produced by their own facilities from renewable energy sources to another government agency's facilities, subject to certain restrictions; and (2) exempts member-owned cooperatives.

The Department appreciates the bill's intent to not only support the State's ability to install renewable energy facilities, but also to facilitate the sharing of renewable energy facility benefits among different state agencies. The issue of intragovernmental wheeling

has been evaluated before, including in the Commission's Docket No. 2007-0176. At the time of Docket No. 2007-0176, the State's options to support renewable energy projects were limited and standing up an intragovernmental wheeling program would have required considerable resources. Since that time, other options have become available. For example, in Docket No. 2020-0204, the Commission is evaluating a pilot that will explore the University of Hawaii's ability to receive the benefits of a remotely sited renewable energy project, which is akin to the benefits realized under a wheeling program.

The Commission is also considering the issue of wheeling in Docket No. 2018-0163. In that docket, the scope of investigating a microgrid services tariff has expanded to include microgrids that may serve customers who are not on contiguous premises; this would essentially require a form of wheeling.

In addition, aspects of wheeling have been discussed as part of other dockets, such as Docket No. 2019-0323. Through these dockets, appropriate wheeling tariffs can be developed to: (1) enable users to wheel energy from one site to another in a manner that does not adversely affect other customers or the grid; and (2) fairly compensate the utility for using their transmission and distribution facilities to enable wheeling, so that other customers do not have to unfairly subsidize wheeling activities.

In view of the foregoing, the Department respectfully requests that the Committee consider the work the Commission has already initiated and allow the Commission to carefully complete its above dockets to enable wheeling for all customers. As noted above, establishing wheeling is complex and involves various factors. If allowed to complete the ongoing work in existing dockets, the need for an additional docket to investigate wheeling would be mitigated, if not obviated.

The Department appreciates how S.D. 1 grants the Commission the flexibility to implement wheeling through Commission orders or by rule since authorizing wheeling by order would be more expedient and efficient. Requiring the Commission to implement any form of wheeling through rulemaking could not only delay the implementation but also create additional delays in the future when changes may be required to ensure that terms, conditions, prices, and other factors related to wheeling may need to change to reflect

future system requirements and the Commission will have to go through rulemaking procedures again.

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
SENATE COMMITTEES ON
COMMERCE AND CONSUMER PROTECTION

AND

WAYS AND MEANS

March 1, 2023
9:30 AM

Chair Keohokalole, Chair Dela Cruz, Vice Chair Fukunaga, Vice Chair Keith-Agaran,
and Members of the Committees:

MEASURE: S.B. No. 1154, SD1

TITLE: RELATING TO ENERGY.

DESCRIPTION: Authorizes government agencies to wheel electricity that is produced by their own facilities from renewable energy sources to another government agency's facilities, subject to certain restrictions. Exempts member-owned cooperatives. (SD1)

POSITION:

The Public Utilities Commission ("Commission") offers the following comments for consideration.

COMMENTS:

The Commission appreciates the intent of this measure to encourage the production of clean energy and reduce Hawaii's dependence on fossil fuels. The Commission also agrees with the Committees on Energy, Economic Development, and Tourism and Government Operations' decision to amend the language to allow the Commission to implement provisions of this measure either through the adoption of rules or by Commission order and to exempt member-owned cooperatives.

S.B. No. 1154, SD1
Page 2

In the event that this measure advances and becomes law, the Commission shall initiate a docketed proceeding in adherence with the language of this measure.

Thank you for the opportunity to testify on this measure.



**Hawaiian
Electric**

**TESTIMONY BEFORE THE SENATE COMMITTEES ON
COMMERCE AND CONSUMER PROTECTION &
WAYS AND MEANS**

S.B. 1154, SD1

Relating to Energy

Wednesday, March 1, 2023

9:30 am

State Capitol, Conference Room 211 & Videoconference

James Abraham
Associate General Counsel, Legal Department
Hawaiian Electric

Chairs Keohokalole and Dela Cruz, Vice Chairs Fukunaga and Keith-Agaran, and
Members of the Committees:

My name is James Abraham and I am testifying on behalf of Hawaiian Electric
in opposition to S.B. 1154, SD1.

Hawaiian Electric supports programs that aid renewable energy by enabling customers to use their renewable energy systems more effectively; however, the utility also recognizes the importance of equity and ensuring that the benefits of wheeling are balanced with any additional costs or burdens that may be placed on non-wheeling customers. Regulatory policies must take into account these considerations and establish policy and technical requirements that minimize cost shifting and consider the impact on non-wheeling customers.

This impact must include the opportunity costs to non-wheeling customers given the limited land resources available for energy production. If government agencies are permitted to use public land for production of energy to meet the agencies' load, that land will no longer be available for future RFPs and products to service all customers. This

will make siting of new renewable products more difficult and increase the pricing for future projects.

Even if a wheeling rate could be established, implementing wheeling programs can be operationally and economically complex. For example, the utility must ensure that the transmission infrastructure can handle the additional load, and it must establish a billing system that accurately reflects the costs and benefits of the program for all customers.

Hawaiian Electric is committed to working with its customers to determine the best ways to meet their energy needs. Hawaiian Electric provides solutions for customers by providing options for customers, such as offering different types of programs that can help them lower their bills and increase their use of renewable energy. For example, Hawaiian Electric now enables customers to enjoy many of the benefits of wheeling through existing programs such as shared solar, Microgrid Services tariff and Green Tariff Pilot (currently awaiting regulatory approval).

In Hawai'i, there's no extension cord to the mainland. Unlike California and many other places we're compared to, we can't plug into the mainland grid, not to buy or sell electricity to neighboring utilities or for reliability. The loss of large customers will impair the sustainability of fair cost allocations to all customers which will impair economic development and the attainment of our State renewable policies and goals. We must address the State's energy future as a whole and not with techniques that sound reasonable as stand-alone concepts, especially those used in larger grids on the mainland with large manufacturing and commercial loads. We can all reach Hawaii's renewable future if we are all in it together.

Accordingly, Hawaiian Electric opposes S.B. 1154, SD1. Thank you for this opportunity to testify.



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION 1260 EMPOWERING THE PACIFIC

JOINT SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION and WAYS AND MEANS

HEARING DATE: Wednesday, March 1, 2023
TIME: 9:30 a.m.
PLACE: State Capitol
Conference Room 211

RE: Testimony in **OPPOSITION** to Senate Bill 1154

Aloha Honorable Chair(s) Keohokalole and Dela Cruz, Vice Chair(s) Fukanaga and Keith-Agaran respectively, and Members of this Joint Committee;

The International Brotherhood of Electrical Workers Local 1260 (IBEW 1260) and its Business Manager and Financial Secretary, Leroy Chincio, Jr. would like to offer the following testimony on Senate Bill 1154 SD1.

IBEW 1260, is comprised of nearly 3,000 hardworking union members. Our members are a diverse workforce that largely consist of highly skilled and trained individuals working 24 hours a day, 7 days a week, to generate and transmit electricity here in the State of Hawai'i and to ensure the reliability and availability of this precious resource.

IBEW 1260 respectfully **OPPOSES** Senate Bill 1154 SD1 which seeks to authorize government agencies to wheel electricity that is produced by their own facilities from renewable energy sources, subject to certain conditions determined by the public utilities commission (PUC).

The purpose of this measure is not new. Previous legislatures have debated similar proposals contained in Senate Bill 1154 SD1¹. The PUC opened Docket 2007-0176 in response to legislative action², but closed it on October 30, 2019 citing its decision to reprioritize efforts in further response to more recent legislative action³. Those discussions are ongoing. Reliability of the grid is a matter of public health, safety and welfare and should not be compromised. We believe the PUC should be allowed to conclude its work on current dockets and strongly support a focus on reliability and resiliency of the grid.

In addition to grid integrity, IBEW1260 would like to bring attention to potential economic impacts and displacement that this measure may cause. At a time when topics like Hawai'i's high poverty levels⁴ and cost of living, increasing homelessness, lack of affordable housing, workforce development efforts, and out migration of local residents to less expensive places to live dominate most policy debate, IBEW1260 kindly requests that although our preference is to hold or defer this measure indefinitely, should your joint committee choose to pass this measure out, your consideration be given to the following amendments highlighted in **RED**.

¹ See House Bill 298 (2019).

² See Public Utilities Docket No. 2007-0176- Instituting Proceedings to Investigate the Implementation of Intragovernmental Wheeling Of Electricity pursuant to Senate Concurrent Resolution 180 (2004).

³ See Act 200 (2018), Relating to Resiliency.

⁴ See ALICE in Hawai'i: 2022 Facts and Figures;

<https://www.auw.org/sites/default/files/pictures/ALICE%20in%20Hawaii%20-%202022%20Facts%20and%20Figures%20Full%20Report.pdf>



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
LOCAL UNION 1260
EMPOWERING THE PACIFIC

In any case, we look forward to working with you on important matters such as these that have a direct impact on our members and their families, and sincerely thank you for your consideration, and dedication to a renewable and reliable energy future. Mahalo for the opportunity to testify.

THE SENATE
THIRTY-SECOND LEGISLATURE, 2023

STATE OF HAWAII

S.B. NO. 1154
Proposed S.D.
2

A BILL FOR AN ACT

RELATING TO ENERGY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that the high cost of electricity continues to increase despite oil and gas prices. As a result of the ever-increasing price of electricity, many state departments and agencies, specifically educational facilities, face severe cost shortfalls prompting a need for emergency appropriations greater than \$30 million. However, facilities such as the University of Hawaii Maui college and nine other campuses across the State have photovoltaic systems installed on their parking shade structures and rooftops. The excess electricity generated at these facilities is wasted because there is no system that allows wheeling of the surplus clean energy to another connected facility.

Furthermore, the legislature finds that readily available renewable energy is not being utilized because of a lack of proximity to other state buildings and facilities. The clean



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION 1260 EMPOWERING THE PACIFIC

energy could provide electricity to state facilities at peak time of operations that are opposite in time from peak operations for the residential population. ~~[The public utilities commission's failure to open and move a docket on wheeling for state facilities has crippled the ability of the State to share and distribute the electricity generated amongst its facilities and lower electric bills, which has result in substantial emergency payments to utility companies.]~~

The legislature finds that the production of clean electricity may be encouraged if government agencies, as sellers of clean electricity, are allowed to engage in intragovernmental wheeling, in which electric power is transmitted from one agency's power generation to the facilities of other governmental agencies over the existing transmission lines of a third-party electric public utility. The State and other government entities could acquire clean electricity by purchasing it from a clean electricity project developer then transmit it across utility lines owned and maintained by an existing electric utility to other government agencies.

The legislature also finds that consistent with U.S. Department of Energy initiatives to address the country's most pressing energy sustainability, resilience, and equity challenges, it is important to recognize workforce development and labor as an investment by requiring workforce and community agreements with stakeholders economically impacted or displaced by emerging renewable energy initiatives and goals.



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION 1260 EMPOWERING THE PACIFIC

Additionally, the legislature finds that The Build America, Buy America Act, enacted under Division G, Title IX of the Infrastructure Investment and Jobs Act (IIJA), applies a domestic content procurement preference requirement (Buy America Requirement) to Federally funded public "infrastructure projects" with the goal of increasing a resilient domestic supply chain and manufacturing supply for critical materials both for emerging and existing industries in the United States which maximize use of domestically produced goods, products and materials consistent with Executive Order 14005.

Accordingly, the purpose of this Act is to authorize government agencies to wheel electricity that is produced by their own facilities from renewable energy sources, subject to certain conditions determined by the public utilities commission, provided that any government agency authorized under this Act shall enter into a workforce and community agreement with all stakeholders who may be economically impacted or displaced, and further that any government agency authorized under this Act that receives federal funding wholly or in part, shall comply with The Build America, Buy America Act, enacted under Division G, Title IX of the Infrastructure Investment and Jobs Act (IIJA) and Executive Order 14005.

SECTION 2. Chapter 269, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
LOCAL UNION 1260
EMPOWERING THE PACIFIC

"§269- Wheeling; renewable energy; government agencies;

rules. (a) A government agency may engage in wheeling of electricity produced at its own facilities from renewable sources.

(b) The public utilities commission shall open a docket to determine:

(1) The rate of compensation to an electric company acting as a transmitter; ~~or~~

(2) The timely execution of a workforce and community agreement with all stakeholders who may be economically impacted or displaced prior to authorization;

(3) If receiving federal funding wholly or in part, compliance with The Build America, Buy America Act, enacted under Division G, Title IX of the Infrastructure Investment and Jobs Act (IIJA) and Executive Order 14005; and

(~~2~~4) Other terms to ensure wheeling is done in the public interest.

(c) The public utilities commission shall implement this section by commission order or by rules pursuant to chapter 91.

(d) This section shall not apply to a member-owned cooperative.

(e) For the purposes of this section, "wheeling" means transmitting electric power from one governmental agency's point of generation to the facilities of other governmental agencies over the existing transmission lines of a third-party electric public utility, and a "workforce and community agreement" means an



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
LOCAL UNION 1260
EMPOWERING THE PACIFIC

agreement signed by community groups or coalitions and a government agency authorized under this Act, identifying the community or labor benefits, specifying wages, benefits, health and safety standards, workforce education and training a government agency agrees to deliver. Community coalitions can be comprised of stakeholder groups that would be economically impacted or displaced, including neighborhood associations, faith-based organizations, environmental groups, and labor unions. Workforce and community agreements shall ensure that measurable local benefits will be given to an affected group."

SECTION 3. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval.

Report Title:

Public Utilities Commission; Governmental Agencies; Wheeling; Clean Energy

Description:

Authorizes government agencies to wheel electricity that is produced by their own facilities from renewable energy sources to another government agency's facilities, subject to certain restrictions. Exempts member-owned cooperatives. (SD1)



P.O. Box 37158, Honolulu, Hawai'i 96837-0158
Phone: 927-0709 henry.lifeoftheland@gmail.com

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

COMMITTEE ON WAYS AND MEANS

Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

DATE: Wednesday, March 1, 2023

TIME: 9:30 AM

PLACE: Conference Room 211 & Videoconference

SB1154 SD1 Relating to Energy

Comments

Aloha Chairs Keohokalole and Dela Cruz and Members of the Committees

Life of the Land is Hawai'i's own energy, environmental and community action group advocating for the people and `aina for 53 years. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

Wheeling is historically defined as the transportation of electric energy (megawatt-hours) from within an electrical grid to an electrical load outside the grid boundaries. In a

simpler sense, it refers to the process of transmission of electricity through the transmission lines.

A wheeling transaction typically involves a utility transmitting power for two other utilities that are not physically interconnected. Under such a transaction, which is wholesale in nature, the transmitting utility is neither the seller nor buyer of power.

On April 30, 2004, the Legislature adopted Senate Concurrent Resolution No. 180. Among other things, the Legislature requested that the commission explore ways to implement intra-governmental wheeling to facilitate government wheeling of electricity.

The Legislature defined wheeling as "the process of transmitting electric power from a seller's point of generation across a third-party-owned transmission and distribution system to the seller's retail customer."

The Public Utilities Commission opened a proceeding to examine wheeling on the transmission grid. Docket no. 2007-0176 was open from 2007-19.

The parties were the HECO Companies, KIUC, Consumer Advocate; Department of Defense, DBEDT, the four counties, Life of the Land, and Castle Cooke Resorts, LLC/Lanai Sustainability Research, LLC.

The Commission concluded in 2019 that evaluating distribution-level wheeling via a microgrid services tariff made more sense for the short-term. "The commission makes clear that such action does not preclude the commission from examining the feasibility of intra-governmental wheeling in the future."

SB 1154 defines, wheeling to mean “transmitting electric power from one governmental agency's point of generation to the facilities of other governmental agencies over the existing transmission lines of a third-party electric public utility.”

“Facilities such as the University of Hawaii Maui college and nine other campuses across the State have photovoltaic systems installed on their parking shade structures and rooftops. The excess electricity generated at these facilities is wasted because there is no system that allows wheeling of the surplus clean energy to another connected facility.”

The legislation is redundant. The PUC can continue to examine wheeling.

HECO, the Consumer Advocate, the University of Hawaii, and Life of the Land are in docket no. 2020-0204 in which HECO proposes a green tariff be established between the University of Hawaii and the HECO Companies.

“UH believes that all available options, including but not limited to wheeling, should be considered for effective planning to achieve the net zero energy mandate.” However, UH has not committed to wheeling. It merely wants that option on the table.

HECO responded to a Life of the Land Information Request. “The proposed Green Tariff is a form of `virtual` wheeling: electric power is not moved from the point of generation specifically to the University of Hawaii’s point of energy use; however, proposed billing adjustments reflect attribution of such movement.”

There are other types of wheeling currently underway. Community Based Renewable Energy is a form of virtual wheeling where the electricity is not moved from point A to point B, but the energy generated at point A is priced and offset against the bills of various customers. Issues are being addressed in an ongoing proceeding (docket no. 2015-0389)

There is another open proceeding involving wheeling (docket no. 2018-0163). A third party can own a microgrid that operates independently when the utility grid fails. The third party microgrid may contain utility-owned lines, and thus electricity would be wheeled across the utility grid.

It is important to recognize that in each of these examples of wheeling, the cost to non-participants cannot be negatively impacted. The Consumer Advocate and the Public Utilities Commission are very concerned about cost impacts to non-participants.

Many options exist for UH. They could create a Community Based Renewable Energy project involving only university facilities. They can participate in the Feed-in Tariff program. They can build on-site solar plus storage facilities. They can create microgrids. One option that is no longer available is net energy metering.

Mahalo

Henry Curtis



PO. Box 1058
Pepeekeo, HI 96783-1058
www.sustainableenergyhawaii.org

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Jarrett Keohokalole, Chair
Senator Carol Fukunaga, Vice Chair

COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

DATE: Wednesday, March 1, 2023
TIME: 9:30 AM
PLACE: Conference Room 211 & Videoconference
SB1154 SD1 - Relating to Energy

Aloha Charis Keohokalole and Dela Cruz and Members of the Committees,

Sustainable Energy Hawai'i (SEH), a 501(c)3 non-profit dedicated to improving the quality of life for Hawaii Island residents. Our mission is to enable an economic, social, and environmental revival in Hawaii through a just transition to sustainable, locally sourced renewable energy and to that end, the creation of a thriving clean hydrogen economy.

SEH therefore offers the following testimony supporting the intent of **SB 1154** (Bill) and, at the same time, to propose an alternative form to solve a problem that affects us all.

Commentary

While it is true that the high cost of electricity continues to increase as a result of higher oil and gas prices, and that emergency funding is now required to meet public energy needs, this proposed legislation is unlikely to successfully provide government entities (GOVT) the cost reduction it seeks. Furthermore, in its present form, it could negatively impact both Hawaiian Electric (Utility) and ratepayers while likely effecting an unnecessary political controversy in the process. Let me illustrate our thinking:

By its simplest description, this Bill seeks to exempt the GOVT from its own existing restriction on wheeling by allowing it to transmit power across TMK boundaries for its own, financial benefit.

“The legislature finds that the production of clean electricity may be encouraged if government agencies, as sellers of clean electricity, are allowed to engage in intragovernmental wheeling, in which electric power is transmitted from one agency's power generation to the facilities of other governmental agencies over the existing transmission lines of a third-party electric public utility.” (SB 1154; Section 1; Paragraph 3)

The GOVT's position states that it is currently forced by governing law to 'curtail' (throw away) some of the power it generates across a number of its facilities. The GOVT rightly concludes that curtailment wastes valuable energy that could and should be utilized elsewhere in the system and in doing so, have a tangible monetary value attached to it.

Currently, the GOVT does not incur a cost to curtail any its over-production from internal power generation operations. However, it does incur a cost for the power that could be offset by that curtailed power if consumed at other GOVT facilities that don't have sufficient power generation capabilities of their own.

We see two options for using that wasted power and mitigating some GOVT expense. Both would require updated legislation. One is wheeling. The other is net metering or a modernized version, thereof. Our conclusion is that the latter would more efficiently satisfy the economic goal of this Bill and avoid inevitable political hurdles needed to see it passed into an Act.

Contrasting Two Approaches

If the curtailed energy were given financial value and that value were reconciled by the mechanism of wheeling, the GOVT would incur the additional cost of a transmission tariff, a presently unknown cost that would be determined by the Utility.

At the same time, the power consumed at other GOVT facilities would likely reduce the utility's revenue by the amount of power 'wheeled' between GOVT facilities. It might create additional expenses for the utility, accounting between State and County generation sites across the various grids. This decrease in revenue may trigger increased costs for ratepayers.

The Utility would likely attempt to mitigate some of its lost revenue in setting the GOVT's wheeling tariff. That tariff would reduce the financial benefit afforded the GOVT by this proposal. That tariff may also be funded by taxpayer revenues.

It is conceivable this could stimulate large commercial entities to seek similar benefit by generating their own power at remote sites while citing this exemption for wheeling as precedent. What kind of a political climate would this create? How would this affect residential and small business ratepayers? Would this become an inadvertent political deterrence thwarting the genuine benefit wheeling could have toward incentivizing additional, non PPA structured power generation?

Would it not make more sense at a time when available power supplies are stressed to allow that excess power generation to simply be put onto the grid and for the GOVT entities to be billed on a single payer, net-energy basis?

Conclusion

It is our conclusion that a better, less costly solution to the state's internal curtailed energy problem would be to legislate an exemption to the restriction on net metering, at the very least for government institutions, vs. this cumbersome, politically charged approach to reduce expenses born by Hawaii's taxpayers.

To be clear, we see great value that wheeling can have to encourage additional clean power production, however, that opportunity seems to only make sense within a context where it would incentivize the creation of new, non-PPA markets such as hydrogen production, a market sought by our State Energy Office and proposed in current 2023 legislative bill, SB 1520.

Mahalo,



Peter Sternlicht
Member, Board of Directors
Sustainable Energy Hawaii
peter@sustainableenergyhawaii.org



Email: communications@ulupono.com

SENATE COMMITTEES ON COMMERCE & CONSUMER PROTECTION AND WAYS & MEANS
Wednesday, March 1, 2023 — 9:30 a.m.

Ulupono Initiative supports the intent of SB 1154 SD1, Relating to Energy.

Dear Chair Keohokalole, Chair Dela Cruz, and Members of the Committees:

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 the intent of SB 1154 SD1, which authorizes government agencies to wheel electricity that is produced by their own facilities from renewable energy sources to another government agency's facilities, subject to certain restrictions.

Normally, private wheeling raises significant equity concerns, as it allows companies and other private entities to effectively buy up renewable energy projects (or the energy from such projects) that could otherwise, if purchased by the utility, benefit all ratepayers. This is especially the case currently when utility-scale solar energy is being contracted at roughly half the cost of oil-fired electricity.

However, in the case of wheeling by government agencies, the equity concerns are much less because the government agencies—and therefore tax-payers—benefit. In such cases, tax-payers and electric utility ratepayers are more or less the same constituents. By allowing this type of wheeling, it may encourage government agencies that have excess land or rooftop space at one facility to develop renewable energy on site even if it cannot all be used at the same location. It may also allow the State to lead by example in adopting renewable energy.

Should governmental wheeling be considered, we strongly support this bill's direction to have the Hawai'i Public Utilities Commission take the lead in rule making around any such program.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i