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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
Senate Committee on Commerce and Consumer Protection  
Tuesday, March 21, 2023  
9:55 a.m.  
Conference Room 229**

**On the following measure:  
S.C.R. 147/ S.R. 143, REQUESTING THE PUBLIC UTILITIES COMMISSION  
TO MOVE BEYOND CURRENT RATE STRUCTURES AND PROVIDE  
ADDITIONAL BENEFITS FOR THOSE COMMUNITIES THAT HOST RENEWABLE  
ENERGY PROJECTS.**

Chair Keohokalole and Members of the Committee:

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 provides comments on this resolution.

The purpose of this resolution is to request the Public Utilities Commission (Commission) to move beyond current rate structures and provide additional benefits for those communities that host renewable energy projects.

As noted in the resolution, the State's growing need for sources of clean energy to satisfy its mandated renewable energy and carbon emission goals "accelerated the development and construction of different renewable energy projects in more locations" throughout the State. The Department recognizes that there have been communities that expressed concerns and/or opposed the siting of renewable energy projects in their

neighborhoods. The Department also recognizes that there have been inconsistent approaches to addressing those concerns and/or opposition. Thus, we support the intent of the resolution, which is to address host community concerns.

The Department has been offering various recommendations in different proceedings to encourage more dialog with potential host communities and the Commission has taken note of the need to address the impacts on potential host communities. To that end, the Commission has adopted comments from other stakeholders as well and has recently adopted a condition as part of the request for proposal (RFP) process where proposals must include a community benefits package. Since this was only recently adopted in the most recent RFP, the benefits of this requirement have not yet been able to be evaluated. The Commission has, however, taken a significant step to address host community concerns.

In addition, related to the issues in this resolution, the Commission in December 2022, started a new proceeding (Docket No. 2022-0250) to address energy equity issues. In opening this proceeding, the Commission noted its desire to investigate how to better integrate equity and justice considerations across Commission proceedings and the Commission's work more broadly, including in its role overseeing and regulating the functions of public utilities. Among the issues intended to be addressed in this proceeding is environmental equity, which includes looking at the issues related to the placement of utility infrastructure in certain communities and how to address those issues. This proceeding has recently opened for any interested persons to intervene as a party or to participate, and no deadline for involvement was announced. While still in the early phase, to date, two meetings in the docket were held in early March and the Commission stated plans for much more to come. The Department believes that work in this docket can address the concerns expressed in this resolution, and our work and involvement in Docket No. 2022-0250 will be towards those goals.

Thank you for the opportunity to testify on this resolution.

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

TO THE  
SENATE COMMITTEE ON  
COMMERCE AND CONSUMER PROTECTION

March 21, 2023  
9:55 a.m.

Chair Keohokalole, Vice Chair Fukunaga, and Members of the Committee:

**MEASURE:** S.R. No. 143 / S.C.R. No. 147

**TITLE:** REQUESTING THE PUBLIC UTILITIES COMMISSION TO MOVE BEYOND CURRENT RATE STRUCTURES AND PROVIDE ADDITIONAL BENEFITS FOR THOSE COMMUNITIES THAT HOST RENEWABLE ENERGY PROJECTS.

**POSITION:**

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

**COMMENTS:**

The Commission appreciates the intent of this measure to address potential inequities of the current rate structures so as to provide additional benefits for certain communities that host renewable energy projects.

By Order No. 38759 issued on December 13, 2022, the Commission opened an investigation into energy equity in Docket No. 2022-0250 (“Equity Docket”). The Equity Docket, in part, was opened to address H.R. No. 43 House Draft 1 (2022), S.R. No. 43 Senate Draft 1 (2022), and S.C.R. No. 48 Senate Draft 1 (2022), all adopted by the Thirty-First Legislature of the State of Hawaii. Specifically, all of the resolutions referenced above cite benefits requested for geographic host communities of renewable energy projects.

It should be noted that, in the past, the Commission examined the potential application of preferential rates, as in Campbell Industrial Park generation station application (Docket No. 05-0146, Order No. 23514, filed June 27, 2007), and the Commission cautions that preferential rates are not guaranteed to be included in any final approval. Notably, the Commission, in Order No. 23514, found that the proposed Residential Rate Reduction Program's amount, duration, and geographic boundary was arbitrary. The Commission further opined that any such program proposed by the utility would be required to demonstrate reasonableness and cost effectiveness.

As an initial step to address energy equity, the Commission, by Order No. 38479 issued on June 30, 2022 in Docket No. 2017-0352, set a \$3,000 per Mega Watt per year minimum community benefit package from all final projects awarded through the Stage 3 Request for Proposals to be donated to specific needs identified by the Host Community or to a 501(c)(3) not-for-profit community-based organization(s) to directly address Host Community identified needs.<sup>1</sup> The Commission also participated in an external program to better understand renewable energy community benefits packages, as seen in Ulupono Initiative's Participatory Budgeted Project.<sup>2</sup>

The Commission has posted, and will continue to post key information and all events related to the Equity Docket on its energy equity web page <https://puc.hawaii.gov/energy/equity/>. Additionally, the Commission intends to investigate avenues for energy equity, including those identified in SR143/SCR147, within the Equity Docket and other proceedings as necessary. Should the Legislature wish to participate, or otherwise invite constituents to participate, the Commission can and will allow additional parties to participate in the Equity Docket during the discovery phase of the proceeding. In fact, the Commission encourages participation in the Equity Docket so as to better understand the energy equity issues facing ratepayers.

Thank you for the opportunity to testify on this measure.

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<sup>1</sup> Order No. 38735 removed the \$200,000 cap that was originally included in Order No. 38479.

<sup>2</sup> See <https://www.ulupono.com/project-list/let-communities-decide-using-participatory-budgeting-for-renewable-energy-community-benefits-packages/>



**SIERRA CLUB  
OF HAWAI'I**

**LATE**

**SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION**

March 21, 2023

9:55 AM

Conference Room 229

**In SUPPORT of SCR147/SR143: REQUESTING THE PUBLIC UTILITIES COMMISSION TO MOVE BEYOND CURRENT RATE STRUCTURES AND PROVIDE ADDITIONAL BENEFITS FOR THOSE COMMUNITIES THAT HOST RENEWABLE ENERGY PROJECTS.**

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Aloha Chair Keohokalole, Vice Chair Fukunaga, and Committee members,

On behalf of our 20,000 members and supporters, the Sierra Club of Hawai'i **SUPPORTS SCR147/SR143**, which encourages efforts to address the disproportionate burdens of energy infrastructure on certain “host communities,” through the provision of additional benefits to these communities.

The Sierra Club appreciates this measure’s goal to advance both energy equity as well as our timely transition to a renewable energy future. The need for greater equity in renewable infrastructure development has been recognized by the Public Utilities Commission itself, which has most recently opened an energy equity docket to explore pathways to incorporate greater equity in its decisionmaking; this resolution will help to further inform and encourage such efforts.

The Sierra Club notes that energy project siting issues have been the subject of significant conflict in recent years, particularly given the burdens that large-scale infrastructure may place on adjacent communities, and the lack of adequate community benefits that can fairly account for these burdens. As this resolution recognizes, one significant reason behind such conflicts may be that “benefit packages provided by developers to communities that host large-scale renewable energy projects are often not enough to provide them with fair compensation.” Communities whose health, land, and resources have been historically impacted by energy projects and other regional “disamenities” in particular should be provided with a more inclusive energy planning approach, should they be asked to host additional projects that would only exacerbate such impacts.

Accordingly, this measure’s mandate will support the growing recognition that “host communities” should have more meaningful input in project design, development, and fair compensation should they be asked to shoulder the greatest burdens in meeting our islands’ energy needs.

For the above reasons, the Sierra Club of Hawai'i respectfully urges the Committee to **PASS SCR147/SR143**. Mahalo nui for the opportunity to testify.