

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

TO THE
HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION

January 31, 2023
08:30 a.m.

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

MEASURE: H.B. No. 193

TITLE: RELATING TO ENERGY EFFICIENCY PORTFOLIO STANDARDS

DESCRIPTION: Extends the State's energy-efficiency portfolio standards from 2030 to 2045. Authorizes the public utilities commission to establish interim goals. Clarifies that certain demand response programs and related activities count toward the portfolio standards.

POSITION: The Public Utilities Commission ("Commission") supports this measure and offers the following comments for consideration.

COMMENTS:

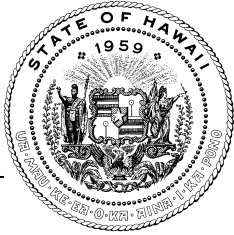
The Commission appreciates the intent of this measure to extend and further develop the energy-efficiency portfolio standard ("EEPS") as established in Act 155, SLH 2009, and set into law as HRS §269-96. EEPS has been a successful policy for our state, serving as a critical component in support of our state's clean energy and decarbonization goals. In the thirteen years since establishment, the impact of the EEPS target has generated many successful energy-saving programs for Hawaii's residents and businesses, including those offered by Hawaii Energy (the energy efficiency implementer for Hawaiian Electric Company's customers), the GEMS loan programs, KIUC's energy efficiency efforts, and other implementation initiatives throughout the state. The recent Market

Potential Study (2020)¹ indicates that Hawaii is on track to meet and exceed the established 2030 target of 4,300 GWh of energy savings.

Extending the target date to 2045 would ensure continued impact of energy efficiency programming benefits, as well as aligning with our state's Renewable Energy Portfolio Standard target date. The Commission is also initiating exploration of the proposed demand response target component through a series of stakeholder workshops to identify an appropriate target level and develop a cost-benefit analysis to assess the impacts on Hawaii's ratepayers and electrical grid.

Thank you for the opportunity to testify on this measure.

¹ Applied Energy Group (2020). *State of Hawaii Market Potential Study*. <https://www.hawaiiieps.org/8-5-2020-market-potential-study-rel>



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

JOSH GREEN, M.D.
GOVERNOR

MARK B. GLICK
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 193

RELATING TO ENERGY-EFFICIENCY PORTFOLIO STANDARDS.

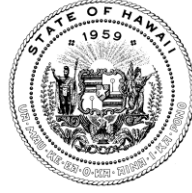
Chair Lowen, Vice Chair Cochran and Members of the Committee, the Hawaii State Energy Office (HSEO) supports HB 193, which extends the State's energy-efficiency portfolio standards (EEPS) from 2030 to 2045 and authorizes the public utilities commission (PUC) to establish interim goals and clarifies that certain demand response programs and related activities count toward the portfolio standards. HSEO defers to the PUC on the implementation of this measure.

HSEO's testimony is guided by its mission to promote energy efficiency, renewable energy, and clean transportation to help achieve a resilient, clean energy, decarbonized economy. HSEO is part of the PUC's Technical Working Group of energy stakeholders that review and assess the state's progress to meeting the goals. The next round of meetings to continue the discussion will start up again on February 9, 2023. This bill proposes that the PUC may adjust the interim goals by rule or order to maximize cost-effective energy-efficiency programs and technologies. Aligning the

dates of the standards to have the same end goal date of 2045 would be consistent with other end dates of the clean energy and carbon-negative economy by 2045. This proposed bill also adds demand response programs to count towards the EEPS, as load management strategies and programs are essential to the success of the state reaching our clean energy goals.

HSEO concurs that the proposed amendments are reasonable, consistent with and in support of existing goals and energy management strategies.

Thank you for the opportunity to testify.



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
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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, January 31, 2023
8:30 a.m.
Conference Room 325**

**On the following measure:
H.B.193, RELATING TO ENERGY-EFFICIENCY PORTFOLIO STANDARDS**

Chair Lowen and Members of the Committee:

My name is Dean Nishina, and I am the Acting 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) extend the State's energy efficiency portfolio standards from 2030 to 2045; (2) authorize the Public Utilities Commission (Commission) to establish interim goals; and (3) clarify that certain demand response programs and related activities count toward the portfolio standards.

The Department supports the intent of the bill. The Department recognizes that energy efficiency can and should play in Hawaii's efforts to transition to clean energy. The Department also supports the intent to modify the energy efficiency portfolio standards and has engaged in discussions with other stakeholders in the technical advisory group convened to discuss the work done by the Public Benefits Administrator as well as the vendor responsible for fulfilling energy efficiency portfolio standards, Hawaii

Energy, regarding possible changes to the portfolio standards. The Department believes that changes to the portfolio standards should be made in a holistic fashion to also consider other ongoing efforts. Otherwise, unintended consequences may result. For example, one of the most cost-effective energy efficiency measure is heating, ventilation, and air conditioning (HVAC) projects but if HVAC measures are pursued indiscriminately to pursue energy efficiency portfolio standards that do not consider efforts to integrate more renewable energy, it may result in exacerbating the already existing duck curve and make it harder to integrate more renewable energy.

In addition, another matter that has been discussed regarding energy efficiency is the ability for energy efficiency to address demand, rather than just kilowatt hours. Consistent with the point in the preceding paragraph, changing the energy efficiency portfolio standards to only achieve a higher level of kilowatt hours saved instead, of say, modifying the standards to target reducing coincident peak demand should be reconsidered. The Department urges the committee to consider allowing the technical advisory group to continue the current discussions in order to provide sufficient time for the technical advisory group to develop proposals to modify the energy efficiency portfolio standards.

Thank you for the opportunity to testify on this bill.



Email: communications@ulupono.com

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

Ulupono Initiative supports HB 193, Relating to Energy-Efficiency Portfolio Standards.

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 193, which extends the State's energy-efficiency portfolio standards from 2030 to 2045, authorizes the Public Utilities Commission to establish interim goals, and clarifies that certain demand response programs and related activities count toward the portfolio standards.

Ulupono is supportive of energy efficiency measures to lower electricity consumption across the state. As Hawai'i's electricity costs are expected to rise in the near-term¹, Ulupono sees the value of measuring and tracking energy usage as a first step to reduce energy consumption, lower overall electricity costs, and eliminate energy "waste." Hawai'i's energy issues remain increasingly complex and challenging. We appreciate the State's efforts to look at policies that reduce the overall demand, which in return will result in lower utility bills, thus mitigating the high cost of living and doing business in Hawai'i.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

¹See Hawaiian Electric Newsroom, "Driven up by Russian invasion, oil prices will push electric bills higher in coming months," March 10, 2022. <https://www.hawaiianelectric.com/driven-up-by-russian-invasion-oil-prices-will-push-electric-bills-higher-in-coming-months>

HB-193

Submitted on: 1/29/2023 8:46:37 PM

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

Submitted By	Organization	Testifier Position	Testify
Ted Bohlen	Climate Protectors Hawaii	Support	Written Testimony Only

Comments:

Support!



HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

January 31, 2023, 8:30 AM

Room 325

TESTIMONY IN SUPPORT OF HB 193

Aloha Chair Lowen, Vice Chair Cochran, and Committee members:

Blue Planet Foundation **supports HB 193**, which extends Hawai'i's energy-efficiency portfolio standards from 2030 to 2045 and allows demand response programs to count towards the EEPS goal.

As Hawai'i progresses toward achieving its 100% renewable energy and carbon-negative decarbonization goals, energy efficiency remains the most cost-effective way to reduce emissions associated with electricity generation and consumption, while providing financial benefits to Hawai'i residents and businesses during the transition. In 2009, the legislature codified the goals of the Hawai'i Clean Energy Initiative, which included a goal to reduce electricity use by 4,300 gigawatt-hours by 2030. This goal—known as the Energy Efficiency Portfolio Standards (or EEPS)—has helped to maximize cost-effective energy efficiency programs and technologies in the state.

Since 2009, Hawai'i has made impressive progress towards its clean energy goals and established a new goal to achieve 100% renewable electricity by 2045 (enacted into law in 2015). Although the renewable portfolio standard was updated in 2015, there has not been an extension of the EEPS goal beyond 2030 to align with the 2045 planning target for renewable energy. Extending the EEPS goal beyond 2030 is an important step to ensure energy efficiency is factored into future grid planning efforts. The cheapest and cleanest energy is the energy that we don't use.

Furthermore, allowing demand response programs to count towards the EEPS goal can help modernize Hawai'i's energy planning efforts. In addition to the amount of energy we use, the time we use that energy has become increasingly important as intermittent renewable energy resources, such as wind and solar, are added to our energy mix. Energy efficiency is about using less electricity whenever it is needed, and demand response is about using less electricity when it matters most to the electric power system overall—e.g., shifting load from peak hours when we're using fossil fuels to times of day when renewable energy is most abundant.

Thank you for the opportunity to provide testimony.

info@blueplanetfoundation.org

126 Queen Street, Suite 204 • Honolulu, Hawai'i 96813 • 808-954-6161 • blueplanetfoundation.org



Hawaii Solar Energy Association
Serving Hawaii Since 1977

Testimony of The Hawaii Solar Energy Association (HSEA) Regarding HB193, Relating to Energy Efficiency Portfolio Standards, 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 HB193**, which extends Hawaii's Energy Efficiency Portfolio Standard (EEPS) program.

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.

In addition to solar PV and energy storage, HSEA members manufacture, distribute, and install highly efficient solar thermal hot water systems that contribute to Hawaii's energy efficiency programs and goals. Hawaii's EEPS and other energy efficiency programs under the leadership of the Public Utilities Commission and its third-party contractor Hawaii Energy have been highly effective in achieving their stated purpose and goals and should be extended.

Thank you for the opportunity to testify in **support of HB193**.

Sincerely,

/s/ Rocky Mould

Rocky Mould
Executive Director



**Hawaiian
Electric**

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

HB 193

Relating to Energy-Efficiency Portfolio Standards

Tuesday, January 31, 2023
8:30am, Agenda Item #7
VIA VIDEOCONFERENCE
Conference Room 325
State Capitol
415 South Beretania Street

Yoh Kawanami
Director, Customer Energy Resources Operations
Hawaiian Electric

Aloha Chair Lowen, Vice Chair Cochran, and Committee Members,

My name is Yoh Kawanami, and I am testifying on behalf of Hawaiian Electric **with comments on, and a recommended amendment to, HB193**, as it pertains to the State's Energy Efficiency Portfolio Standards (EEPS).

Hawaii Revised Statutes § 269-96 Energy-Efficiency Portfolio Standards states: "The energy-efficiency portfolio standards shall be designed to achieve four thousand three hundred gigawatt hours of electricity use reductions statewide by 2030." This target is codified in gigawatt hours, which is a metric specific to energy efficiency.

The U.S. Department of Energy (DOE) defines energy efficiency as follows: "the use of less energy to perform the same task or produce the same result. Energy-efficient homes and buildings use less energy to heat, cool, and run appliances and electronics, and energy-efficient manufacturing facilities use less energy to produce goods."¹ The

¹ <https://www.energy.gov/eere/energy-efficiency>

DOE defines demand response as a grid resource that, “provides an opportunity for consumers to play a significant role in the operation of the electric grid by reducing or shifting their electricity usage during peak periods in response to time-based rates or other forms of financial incentives.”² Unlike energy efficiency, demand response most often results in a load shift rather than a load reduction. If demand response does result in a load reduction, unlike energy efficiency, it is for a smaller window of time and the reduction often impacts how a consumer can perform a task. The metric to measure energy efficiency is watt-hours, while the metric for demand response is watts. Since EEPS is measured in watt-hours and is fundamentally different from demand response, the Company maintains that adding demand response as a contribution to EEPS appears inconsistent with the EEPS statute, and would complicate measurement towards EEPS goals.

Furthermore, the Hawaii Public Utilities Commission (Commission) has already taken action to set a goal to advance demand response through its Performance Based Regulation proceeding, Docket No. 2018-0088, by establishing a Performance Incentive Mechanism (PIM). This grid services PIM sets a kilo-watt target for the Company to achieve for its grid services and demand response programs. This PIM includes incentives if the Company achieves the target. Thus, inclusion of demand response in the EEPS goals would be duplicative to the grid services PIM already established by the Commission

For these reasons, the Company recommends striking the addition of demand response into the EEPS statute (on page 4, lines 8-12) as follows:

² <https://www.energy.gov/oe/demand-response>

~~(f) Beginning in 2023, demand response programs and related activities conducted by electric utility companies, including those conducted in cooperation with the public benefits fee administrator, shall count toward these standards in a manner determined by the commission by rule or order.~~

Thank you for the opportunity to testify and recommend an amendment to HB193.



Before the House Committee on Energy & Environmental Protection
Tuesday, January 31, 2023 at 8:30 a.m.

Testimony in Support of HB193: Relating to Energy-Efficiency Portfolio Standards

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

Thank you for the opportunity to testify in support and provide comments on House Bill 193.

Hawai'i Energy works to empower island families and businesses on behalf of the Hawai'i Public Utilities Commission (PUC) to make smart energy choices to reduce energy consumption, save money, and pursue a 100% clean energy future. Energy efficiency – the energy we do not use – is the cheapest option to help us achieve our 100% clean energy goal by eliminating waste and being more efficient.

Hawai'i Energy applauds the legislature's efforts to support energy efficiency's continued impact on Hawai'i's residents and businesses as an integral component of the State's Clean Energy Initiative, which calls for Hawai'i to achieve 100% clean energy by 2045.

The bill extends the target date of the energy-efficiency portfolio standard (EEPS), as established in Act 155, SLH 2009, and set into law as HRS §269-96, to 2045, which aligns EEPS with the state's Renewable Energy Portfolio Standard target date. The bill further develops EEPS to increase its cumulative energy savings goal from 4,300 GWh by 2030 to 6,000 GWh by 2045, and by making demand response programs eligible to count toward EEPS goals.

Already, Hawai'i Energy, along with its partners, has been able to implement enough programs and initiatives throughout the state to generate confidence that the established EEPS goal of 4,300 GWh of energy savings by 2030 is on track. The revised goal of 6,000 GWh by 2045 set forth in HB 193 reflects that confidence, and Hawai'i Energy is well positioned to continue helping the state's utility ratepayers save electricity and money as we strive for this new target together.

We look forward to working with the PUC as it initiates exploration of the bill's proposed demand response target component through stakeholder workshops to identify an appropriate target level and develop a cost-benefit analysis to assess the impacts on Hawai'i's ratepayers and electrical grid.

Given Hawai'i has the highest electricity rates in the country, energy efficiency remains a highly effective avenue to deliver significant cost savings to Hawaiian families and businesses, especially during these challenging budgetary times. We appreciate the ongoing efforts by the State Legislature to ensure that energy efficiency rightly plays a crucial role in pursuing Hawai'i's 100% clean energy future.

Thank you for the opportunity to testify in support of House Bill 193.

Sincerely,
Caroline Carl
Executive Director
Hawai'i Energy



Environmental Caucus of
The Democratic Party of Hawai'i

Energy & Climate Action Committee

Tuesday, January 31, 2023, 8:30 am

House Committee on Energy and Environmental Protection

HOUSE BILL 191 – RELATING TO CLIMATE MITIGATION

Position: Strong Support

Me ke Aloha, Chair Lowen and Vice-Chair Cochrane:

HB191 requires the PUC to establish estimations of greenhouse gas emission costs (“implicit carbon price”) over a project life-span to evaluate the relative social costs of carbon use. Hawai'i is trying to establish a lower-carbon use economy, halving our carbon emissions by 2030 and sequestering more carbon than we emit by 2045. As the economy reduces its carbon dependency, social strength and vitality improves. The bill thus establishes a means of determining social cost of various projects, from energy facilities to constructing or retrofitting buildings and other infrastructure for greater energy efficiencies. This provides a connective strategy to evaluate projects across the board during the planning stage, promoting the ability to view them in terms of social cost.

The Environmental Caucus of the Democratic Caucus strongly supports developing a mechanism for evaluating project social costs associated with carbon use, to lower our emissions and to achieve our carbon goals.

Mahalo for the opportunity to address this matter.

/s/ Charley Ice & Ted Bohlen, Co-Chairs, Energy and Climate Action Committee
Environmental Caucus of the Democratic Party

HB-193

Submitted on: 1/29/2023 1:09:42 PM

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

Submitted By	Organization	Testifier Position	Testify
Douglas Perrine	Individual	Support	Written Testimony Only

Comments:

I support HB193

HB-193

Submitted on: 1/29/2023 6:46:09 PM

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

Submitted By	Organization	Testifier Position	Testify
Lisa Diaz	Individual	Support	Written Testimony Only

Comments:

Aloha EEP Chair Lowen, & EEP Committee members:

I strongly support HB193: RELATING TO ENERGY-EFFICIENCY PORTFOLIO STANDARDS. Extends the State's energy-efficiency portfolio standards from 2030 to 2045. Authorizes the public utilities commission to establish interim goals. Clarifies that certain demand response programs and related activities count toward the portfolio standards.

I support we extend Hawaii State's energy-efficiency standards from 2030 to 2045, authorize the PUC to establish interim goals, and clarifies that certain demand response programs and related activities count toward the portfolio standards. It is critical that energy efficiency standards are updated as renewable energy technologies improve.

Mahalo, Chair Lowen for introducing HB193 and leading the EEP committee to responsibly move our state in the right direction to become 100% renewable to protect Hawaii and our planet.

Mahalo with Aloha,

Lisa Diaz, 76-223 Haoa St.; Kailua-Kona, HI 96740

HB-193

Submitted on: 1/30/2023 2:47:39 PM

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

Submitted By	Organization	Testifier Position	Testify
Keith Neal	Individual	Support	Written Testimony Only

Comments:

Support

HB-193

Submitted on: 1/30/2023 9:31:27 PM

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

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Support	Written Testimony Only

Comments:

Please support HB193.