JOSH GREEN, M.D.
GOVERNOR | KE KIAʻĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIAʻĀINA

STATE OF HAWAIʻI | KA MOKUʻĀINA ʻO HAWAIʻI
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA ʻOIHANA KUMUWAIWAI ʻĀINA

P.O. BOX 621
HONOLULU, HAWAII 96809

DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

RYAN K.P. KANAKAʻOLE
FIRST DEPUTY

DEAN D. UYENO
ACTING DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Testimony of
DAWN N. S. CHANG
Chairperson

Before the House Committee on
CONSUMER PROTECTION AND COMMERCE

Wednesday, February 28, 2024
2:00 PM
State Capitol, Conference Room 329 & Videoconference

In consideration of
HOUSE BILL 2020, HOUSE DRAFT 1
RELATING TO RENEWABLE ENERGY

House Bill 2020, House Draft 1, proposes to amend the definition of "renewable energy producer" in section 171-95, Hawaii Revised Statutes (HRS) to allow renewable energy producers to sell to entities other than an electric utility company regulated under chapter 269, HRS. **The Department of Land and Natural Resources (Department) strongly supports this measure.**

As written, to be eligible for a directly negotiated lease under section 171-95, HRS, a renewable energy producer is required to sell all of the net power produced from the demised premises to an electric utility company regulated under chapter 269, HRS. The Department believes that this statute is outdated and in need of modernization. Evolving renewable energy technology now includes far more than electricity generated by solar panels and governing statutes should reflect that new reality. For example, a renewable energy project could produce energy in a form other than electricity, such as hydrogen, that would not involve the sale of electricity or "wheeling," which Hawaiian Electric and other testifiers have expressed concern about in prior testimony.

Removing the requirement that power be sold to an electric utility company would provide the Department with greater flexibility to generate revenue to support its mission by expanding the pool of potential applicants eligible for leases via direct negotiation rather than the cumbersome and costly auction process.

Mahalo for the opportunity to testify on this measure.

HB-2020-HD-1
Submitted on: 2/23/2024 3:51:47 PM
Testimony for CPC on 2/28/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Russell Tsuji	Department of Land and Natural Resources	Support	Remotely Via Zoom

Comments:

Written testimony from DLNR previously submitted on another Capitol account. Request for a Zoom link for additional DLNR staff testifying remotely for HB2020 HD1.

HAWAII STATE ENERGY OFFICE
STATE OF HAWAII

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

MARK B. GLICK
CHIEF ENERGY OFFICER

235 South Beretania Street, 5th Floor, Honolulu, Hawaii 96813 Telephone: (808) 451-6648
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804 Web: energy.hawaii.gov

Testimony of
MARK B. GLICK, Chief Energy Officer

before the
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Wednesday, February 28, 2024
2:00 PM
State Capitol, Conference Room 329 and Videoconference

In Support of
HB 2020, HD1

RELATING TO RENEWABLE ENERGY.

Chair Nakashima, Vice Chair Sayama, and members of the Committee, the Hawai‘i State Energy Office (HSEO) supports HB 2020, HD1, that expands the definition of “renewable energy producer” that is used to determine the Board of Land and Natural Resources’ disposition of public lands to renewable energy producers.

HSEO believes that (1) clarifying the definition would be helpful, and (2) the anticipated need for renewable energy extends beyond the electricity sector, since the state’s decarbonization goals include the reduction in greenhouse gases from fuels used in the transportation sector, utility gas, and nonregulated fuel gases.

The statutory language, as it currently exists, is somewhat complex. The proposed revision, referencing HRS 269-91, provides welcome consistency between statutes.

The contents of the definitions are shown side-by-side in the table below for comparison.

HRS Section 171-95(c)	From HRS Section 269-91
For the purposes of this section, "renewable energy producer" means: (1) Any producer or developer of electrical or thermal energy produced by wind, solar energy, hydropower, geothermal resources, landfill gas, waste-to-energy, ocean thermal energy conversion, cold seawater, wave energy, biomass, including municipal solid waste, biofuels or fuels derived from organic sources, hydrogen fuels derived primarily from renewable energy, or fuel cells where the fuel is derived primarily from renewable sources that sell all of the net power produced from the demised premises to an electric utility company regulated under chapter 269 or that sells all of the thermal energy it produces to customers of district cooling systems; provided that up to twenty-five per cent of the power produced by a renewable energy producer and sold to the utility or to district cooling system customers may be derived from fossil fuels; or (2) Any grower or producer of plant or animal materials used primarily for the production of biofuels or other fuels; provided that nothing herein is intended to prevent the waste product or byproduct of the plant or animal material grown or produced for the production of biofuel, other fuels, electrical energy, or thermal energy, from being used for other useful purposes.	For the purposes of this part: "Renewable energy" means energy generated or produced using the following sources: (1) Wind; (2) The sun; (3) Falling water; (4) Biogas, including landfill and sewage-based digester gas; (5) Geothermal; (6) Ocean water, currents, and waves, including ocean thermal energy conversion; (7) Biomass, including biomass crops, agricultural and animal residues and wastes, and municipal solid waste and other solid waste; (8) Biofuels; and (9) Hydrogen produced from renewable energy sources.

HSEO defers to the appropriate agency on the administration of this measure.

Thank you for the opportunity to testify.

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

TO THE
HOUSE COMMITTEE ON
CONSUMER PROTECTION AND COMMERCE

Wednesday, February 28, 2024
2:00 p.m.

Chair Nakashima, Vice Chair Sayama, and Members of the Committee:

MEASURE: H.B. No. 2020, HD1
TITLE: RELATING TO RENEWABLE ENERGY.

DESCRIPTION: Expands the definition of "renewable energy producer" that is used to determine the Board of Land and Natural Resources' disposition of public lands to renewable energy producers. Effective 7/1/3000. (HD1)

POSITION:

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

COMMENTS:

The Commission appreciates the intent of this measure to expand the market for renewable energy in order to complement the State's efforts to achieve its renewable energy goals. The Commission recognizes the potential advantages of a more diverse energy market that would promote the production of clean electricity and understands that producers of renewable energy play an important role in the State's transition to renewable energy. This measure could serve to increase the number of allowed producers and provide more flexibility and options for sellers and buyers in the renewable energy market.

The Commission observes that this measure, including recently added language from the House Committee on Energy and Environmental Protection, provides consistency across statutes by aligning the definition of "renewable energy" in HRS § 171-95 with the definition in HRS § 269-91. The Commission notes that the two definitions are currently substantially similar and supports this modification.

The measure also proposes to remove language that renewable energy producers must sell to an electric utility (page 3, lines 14 – 20). While HRS § 171-95 relates to the sale, lease, and other actions by the Board of Land and Natural Resources related to public lands, the removal of the referenced language creates some confusion as to whether wheeling (or sale of electricity to entities other than a utility) would be allowed through this measure. The Commission appreciates the Committee's consideration on this matter and respectfully recommends language be inserted into this bill that clarifies that the bill does not contemplate or authorize retail electricity wheeling, as it is specifically addressed in H.B. No. 2098, HD1.

Thank you for the opportunity to testify on this measure.

Hawai'i Forest Industry Association
7192 Kalaniana'ole Hwy
Suite A-143A, #249
Honolulu, HI 96825
Phone: 808/933/9411
Email: hfia@hawaiiforest.org

Date: 02/24/24

TO: CPC Chair Nakashima, CPC Vice Chair Sayama and CPC Committee Members Amato, Au Belatti, Gates, Hashem, Hussey-Burdick, Lowen, Onishi, Tam, Pierick

FROM: Hawai'i Forest Industry Association (HFIA)

SUBJECT: Testimony in Support of HB2020 HD1 Relating to Renewable Energy

Dear Chair Nakashima and Committee Members,

The Hawai'i Forest Industry Association (HFIA)is a state-wide association of landowners, woodworkers, forest professionals and concerned citizens working toward healthier and more productive forests across the state of Hawaii. On behalf of the Directors and members of the Hawai'i Forest Industry Association, please support HB2020 HD1.

The Hawaii Forest Industry Association is in support of expanding the definition of "renewable energy producer" to that which is outlined in Section 2, Subsection 2 of HB2020 HD1. The HFIA is particularly interested in and supportive of the sector of renewable energies coming from plant materials. In the "invasive species" capital of the world, it seems logical that the production of biofuel from the woody invasive species we find ourselves inundated by here in Hawai'i, should fit within the definition of "renewable energy producer".

Please Support HB2020 HD1.

Mahalo,

Guy Cellier

Guy Cellier, President
Hawai'i Forest Industry Association

Established in 1989, HFIA's is a nonprofit organization founded by people committed to sustainable forest management. HFIA's mission is to promote healthy and productive forests and a sustainable forest industry through management, education, planning, information exchange, and advocacy. HFIA has over 130 members including woodworkers, landowners, sawyers, foundations, foresters, growers, educators, environmentalists, architects, millers, ranchers, and others interested in HFIA's mission and goals.

Kauaʻi Island Utility Cooperative
Your Touchstone Energy® Cooperative

Testimony Before the House Committee on Consumer Protection & Commerce

By David Bissell
President and Chief Executive Officer
Kauaʻi Island Utility Cooperative
4463 Paheʻe Street, Suite 1, Līhuʻe, Hawaiʻi, 96766-2000

Wednesday, February 28, 2024; 2:00 pm
Conference Room #329 & Videoconference

House Bill No. 2020 HD1 - RELATING TO RENEWABLE ENERGY

To the Honorable Chair Mark M. Nakashima, Honorable Vice Chair Jackson D. Sayama and Members of the Committee:

Kauaʻi Island Utility Cooperative (KIUC) is a not-for-profit utility providing electrical service to more than 34,000 commercial and residential members.

KIUC opposes this measure.

Over the past 10 years, KIUC has significantly increased its renewable generation. In 2010, KIUC's energy mix included 10% renewable. Renewable production now stands at roughly 60%. This large growth in renewable generation is not only well-ahead of established goals, it has significantly stabilized KIUC's rates: since May 2022, KIUC has posted the lowest residential electricity rates in the state and is currently lower than rates recorded in several localities on the mainland, such as San Diego.

Rate stabilization on Kauaʻi is largely attributable to KIUC securing long-term power purchase agreements for utility-scale renewable projects. Solar facilities and battery storage systems connected to utility-scale solar facilities account for roughly two-thirds of our renewable production and are among our lowest priced energy sources. We believe that utility-scale projects owned or contracted by KIUC best serve our members, as they deliver electricity at prices that smaller, privately-owned projects could not achieve.

KIUC is concerned that enactment of this measure would enable wheeling of electricity. Wheeling runs the risk of creating a "have" and "have not" system of energy service where the majority would end up paying more in utility bills for the benefit of a few. KIUC questions the need for wheeling on Kauaʻi given the success of the cooperative in promoting and expanding renewable energy production. If there are good, cost-effective renewable projects that KIUC is not pursuing, we are always open to receiving developer proposals and if the project has merit, we believe the energy should be made available to the full grid and all ratepayers, not just a few.

Franchised utility companies have a duty to serve all customers, the flip side is the utility needs to have the opportunity to serve all customers to avoid subsidization. We encourage a cautious and comprehensive approach to wheeling involving any non-franchise public utility operators. It is essential that any allowed wheeling include proper costing of services from the franchise utilities, which should include consideration of potentially stranded investments.

The Hawaiʻi Public Utilities Commission (PUC) has rightly pointed out that wheeling "requires analysis of many complex and interrelated issues to ensure reliability and cost effectiveness, such as interconnection, availability of transmission and distribution capacity, appropriate rates and rate design, back-up power requirements, and impacts on non-participating ratepayers." KIUC would expect analysis of these costs to be conducted and considered in any subsequent policies and procedures adopted by the PUC.

Mahalo for your consideration.

TESTIMONY BEFORE THE HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

HB 2020, HD1
Relating to Renewable Energy

Wednesday, February 28, 2024
2:00 PM
State Capitol, Conference Room 329

James Abraham
Associate General Counsel
Hawaiian Electric

Dear Chair Nakashima, Vice Chair Sayama, and Members of the Committee,

My name is James Abraham and I am testifying on behalf of Hawaiian Electric offering comments on HB 2020, HD1, Relating to Renewable Energy.

This bill would allow renewable energy producers leasing State land to sell to entities other than the electric utility, which is also known as "wheeling" of electricity. Hawaiian Electric appreciates the intent of the bill to try to enable more renewable development on State land; however, there are important equity concerns that should be considered prior to focusing such development for purposes of wheeling rather than to aid the State as a whole in achieving its renewable goals. Regulatory policies must take into account these equity considerations and establish policy and technical requirements that minimize cost shifting and consider the impacts on non-wheeling customers.

Hawaiian Electric agrees with the Public Utilities Commission's ("PUC" or "Commission") suggestion of opening a new investigatory docket to explore whether implementing wheeling in Hawaii is feasible and in the public interest. Specifically, we believe that such a docket should examine intragovernmental wheeling (i.e., wheeling from one government agency to another) as an initial step to consider the appropriate

balance of interests and priorities and address among other things risk of potential significant cost and equity impacts to non-wheeling customers. Such a docket would allow the Commission, the Consumer Advocate, Hawaiian Electric and other stakeholders to establish a foundation for a balanced wheeling model which could be used to develop similar programs for a wider range of customer-participants. This bill, however, could allow energy developed on leased State land to be sold from one private entity to another rather than being focused on benefits for the public.

In order to effectively balance many important objectives and produce sustainable success in Hawaii's unique renewable energy environment, a wheeling program must be designed to consider and address the following key principles:

- **Promote customer choice by increasing options**. We seek collaboration to establish and coordinate specific services between utilities and customers needed to lower bills, increase renewable energy, and energy efficiency.
- **Safety is paramount**. Operating an electric grid is complex and should be the responsibility of the utility without undue interference to ensure public safety and the safety of utility crews.
- **Reliability of the electric system**. The reliability and resilience of the public utility's electric grid must not be compromised.
- **Aiding renewable energy**. Wheeling programs should be designed and implemented to help increase the use of renewable energy for the benefit of the whole community, not just the few who can afford it.
- **Cohesion with existing renewable laws**. A new wheeling model in Hawaii must recognize existing laws, such as the utilities' 100% renewable portfolio standard, and ensure that wheeling does not interfere with or defeat these goals.
- **Equity**. Burden on other customers should be balanced with the benefits, including the opportunity cost for non-wheeling customers. Regulatory policies must minimize cost shifting, along with establishing other policy and technical requirements.
- **Avoid unintended consequences**. Hawaii's regulatory framework is sophisticated and intended to serve many state and customer objectives. In

fostering achievement of certain objectives, care must be applied to avoid unintentionally undermining other priority objectives.

Hawaiian Electric has strong concerns about the feasibility of addressing and balancing the above key principles in a full retail wheeling model and believes that a reasonable first step would involve the PUC's examination of intragovernmental wheeling, which may have less impacts on non-participants and the community. As currently drafted, this bill would allow State land to be developed to generate renewable energy that could be wheeled for the benefit of a private entity. By removing the limitation that renewable energy developed on State land be sold to the public utility, potential equity concerns arise as that land will no longer be available for renewable RFPs that lower costs and increase renewable energy utilization for the broader utility customer base.

We welcome continued discussion of how wheeling concepts can be adapted to fit the realities of the Hawaii energy system, with the understanding that the Company must play a primary role in structuring such wheeling transactions to ensure safety, reliability, and financial equity. Indeed, technology and the energy market have evolved to the point where Hawaiian Electric now enables customers to enjoy many of the benefits of wheeling through existing programs such as shared solar and the Microgrid Services Tariff. We must address the State's energy future as a whole and be cautious not to simply adopt mainland solutions ill-fit for Hawaii, especially those used in larger grids with large manufacturing and commercial loads.

Hawaiian Electric appreciates the Committee's consideration of its comments on HB 2020, HD1. Thank you for this opportunity to testify.

HB-2020-HD-1
Submitted on: 2/23/2024 6:45:01 PM
Testimony for CPC on 2/28/2024 2:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Scott Kidd	Individual	Support	Written Testimony Only

Comments:

I support this measure, we need to take aggressive and forward thinking actions to move to a renewable energy system.