



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 Ways and Means
Thursday, February 22, 2024
10:05 a.m.
Conference Room 211**

**On the following measure:
S.B. 2505, S.D. 1, RELATING TO THE PUBLIC UTILITIES COMMISSION**

WRITTEN TESTIMONY ONLY

Chair Dela Cruz and Members of the Committee:

My name is Michael Angelo, and I am the 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 establish system resilience as a metric that is monitored and considered by the Public Utilities Commission (Commission) and allows the Hawaii Electricity Reliability Surcharge to be transferred to the Commission for the purpose of its duties.

The Department appreciates and supports the bill's intent for the Commission to prioritize system reliability, resilience, and interconnection. The Department offers that reliability, resilience, and interconnection are system-wide considerations that are interrelated and affect the planning and design of the grid which in turn impacts all customers. As such, the Department supports these issues being addressed within

on-going regulatory efforts. In addition, the Department appreciate the amendments adopted by the prior Senate committees to maintain the Commission's discretionary authority to, among other things, hire a reliability administrator and impose a reliability surcharge.

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 COMMITTEE ON
WAYS AND MEANS

Thursday, February 22, 2024
10:05 a.m.

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

MEASURE: S.B. No. 2505 SD1

TITLE: RELATING TO THE PUBLIC UTILITIES COMMISSION.

DESCRIPTION: Establishes system resilience as a metric that is monitored and considered by the Public Utilities Commission. Allows the Hawaii Electricity Reliability Surcharge to be transferred to the Commission for the purpose of its duties. Takes effect 7/1/2040. (SD1)

POSITION:

The Public Utilities Commission (“Commission”) supports this measure and offers the following comments for consideration.

COMMENTS:

The Commission supports this measure and its intent to support the Commission in improving the reliability and resilience of Hawaii’s electricity grid. The Commission recognizes that grid reliability and resilience are more important than ever, particularly after the wildfires in August 2023, in Lahaina, Maui, and given the growing natural disaster risks posed by climate change that Hawaii’s electric grid faces. There are trade-offs between a more resilient grid and a more reliable one, making balancing the two priorities increasingly difficult.

The Commission provides the following comments for the Committee’s consideration.

The amended bill, S.B. 2505 SD1, no longer requires the Commission to (1) establish reliability standards and interconnection requirements (Section 269-142 [a] and [b]) and (2) contract a HERA (Section 269-147 [a]). These amendments in S.B. 2505 should be re-inserted for several reasons.

First, creating a requirement to establish the Hawaii Electric Reliability Administrator (HERA) demonstrates the State's understanding of the complexity behind balancing reliability and resilience in the changing energy landscape, as well as its commitment to solving these challenges. The Commission has sought to accomplish the goals of a HERA by working to reduce interconnection costs for new generation, and by deploying an independent engineer to support timely interconnection of renewable energy, among other actions. However, the need for this work is only increasing as we reach higher levels of renewable energy penetration.

Second, given that the Commission believes we should be required to establish a HERA, it is important that the Legislature also require the Commission to adopt reliability standards and interconnection requirements. Recommending reliability standards for the Commission's approval would be a core objective of any new HERA. The Commission previously led a technical working group on reliability standards with several stakeholders. A HERA would be able to support this important work and take it forward with additional resources.

Finally, the Commission agrees that a Hawaii electricity reliability surcharge should be used to fund a HERA. S.B. 2505 SD1 no longer requires the Commission establish a HERA. By adding back in the requirement that the Commission establish a HERA, the imposition of the Hawaii electric reliability surcharge should also be mandatory.

The Commission underscores that a dedicated entity focused strictly on reliability and resilience is well-suited to address the issues outlined by the Legislature, and a requirement to employ a HERA ensures that this is an ongoing State priority with dedicated and sustainable funding.

Thank you for the opportunity to testify on this measure.



TESTIMONY BEFORE THE SENATE COMMITTEE ON WAYS AND MEANS

**SB 2505, SD1
Relating to the Public Utilities Commission**

Thursday, February 22, 2024
10:05 AM
State Capitol, Conference Room 211

Greg Shimokawa
Director, Renewable Acquisition
Hawaiian Electric

Dear Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee,

My name is Greg Shimokawa and I am testifying on behalf of Hawaiian Electric with comments regarding SB 2505, SD1, Relating to the Public Utilities Commission.

Hawaiian Electric appreciates the amendments made in the SD1 version.

SB 2505, SD1 proposes to establish system resilience as a metric that is monitored and considered by the Public Utilities Commission (“PUC” or “Commission”) and proposes to provide that the Hawaii electricity reliability surcharge may be transferred to the Commission for the purpose of its duties.

Hawaiian Electric understands the significance of the issues raised in SB 2505 relating to resilience of the electrical grid and is implementing solutions for improving reliability and resiliency. Hawaiian Electric appreciates that SD1 grants the Commission the authority to oversee resilience of the electrical grid while also preserving the Commission’s discretionary authority. The Company will continue to work on improving reliability and resiliency through the proceedings currently before the Commission.

Thank you for this opportunity to comment on SB 2505, SD1.



Testimony to Committee on Ways and Means

**February 22, 2024, 10:05 AM
Conference Room 211 & Via Videoconference
SB 2505 SD1**

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee,

Hawaii Clean Power Alliance (HCPA) **supports with comments on SB 2505 SD1**, which establishes system resilience as a metric that is monitored and considered by the Public Utilities Commission. Allows the Hawai'i Electricity Reliability Surcharge to be transferred to the Commission for the purpose of its duties.

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.

The role of the Public Utilities Commission is to regulate the public utilities including the electric utilities. Given the critical nature of energy infrastructure to the health and safety of our residents and businesses as well as the impact to national security, it is highly appropriate for the Commission to establish and monitor reliability standards, resiliency measures and also should be responsible for timely and cost-effective interconnection requirements.

The recent weather-related events have seriously impacted the reliability of every island's electric grid, resulting in rolling blackouts. Natural and man-made disasters have highlighted the critical and timely transformation of how Hawaii manages a resilient grid. Appropriately, after two years of study by the public utilities commission on interconnection standards, costs, issues, and opportunities the commission can take the results of their studies and create interconnection requirements that will benefit the ratepayer. More oversight of interconnection by the commission may have resulted in mitigating some of the \$120 million in costs borne by the ratepayers caused by oil consumption from delayed or terminated low-cost RFP phase 1 renewable projects. Oversight by the Hawaii Electric Reliability Administer can help to expedite more renewable projects integrated into the grid at a cost-effective rate. The surcharges collected by those connecting to the grid will more than offset the cost of administering.

We ask that the Committee pass this measure with amendments that reinsert the sections of SB2505 that provide for the commission to oversee interconnection requirements and standards.