JOSH GREEN, M.D.
GOVERNOR | KE KIA'ĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
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Testimony of the Department of Commerce and Consumer Affairs

Before the
Senate Committee on Commerce and Consumer Protection
Tuesday, February 27, 2024
10:01 a.m.
Conference Room 229

On the following measure:
S.B. 3194, S.D. 1, RELATING TO ENERGY

WRITTEN TESTIMONY ONLY

Chair Keohokalole 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 authorize independent generators of renewable energy to wheel the renewable electricity they produce to users of renewable energy under administrative rules established by the Public Utilities Commission (Commission).

The Department appreciates the bill's intent to advance the development of renewable energy resources in light of our State's clean energy goals. Since 2007, the Commission has evaluated issues regarding wheeling and, at that time, it was found to be complex and require considerable resources. However, new 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 also considered the issue of wheeling as part of microgrids in Docket No. 2018-0163. In that docket, the scope of investigating a microgrid services tariff has expanded to include wheeling utilizing the electric utility's infrastructure, this would essentially require a form of wheeling. While procedures in both matters are currently suspended by the Commission, the Department offers that it would be more efficient to move forward with these proceedings than establishing necessary rules or a new proceeding regarding retail wheeling by independent renewable energy generators as envisioned by this bill.

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 the 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 additional efforts related to wheeling of renewable energy would be mitigated.

Thank you for the opportunity to testify on this bill.

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
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone: (808) 451-6648
Web: energy.hawaii.gov

Testimony of
MARK B. GLICK, Chief Energy Officer

before the
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Tuesday, February 27, 2024
10:01 AM
State Capitol, Conference Room 229 & Videoconference

Providing Comments on
SB 3194, SD1

RELATING TO ENERGY.

Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee, the Hawai'i State Energy Office (HSEO) offers comments on SB 3194, SD1, that (1) modifies the definition of "public utility" to remove the specific language that states that "nothing in this section shall be construed to permit wheeling" (2) adds a section to Chapter 269, Public Utilities Commission, stating that independent renewable energy generators may engage in retail wheeling of renewable electricity; (3) sets a deadline of December 31, 2025 for the public utilities commission to establish policies and procedures to implement retail wheeling, by rule or order; (4) requires the PUC to submit a report of its findings and recommendations to the legislature prior to the convening the 2026 legislative session; and (5) requires the PUC to evaluate the need to adopt customer protection measures.

HSEO agrees that wheeling is an appropriate topic for consideration, evaluation and decision-making. As a ratemaking matter, wheeling can have deep and varied impacts to ratepayers and energy consumers and involves many of the pricing, location, interconnection, and time of transmission issues currently under consideration in

proceedings such as the distributed energy resource policies[1] and performance-based regulation[2] dockets.

Due to the complexity of the topic, HSEO respectfully recommends a limited scope initially. For example, SB 2964 contemplates allowing wheeling for the production of hydrogen, and SB 2822 contemplates wheeling of power between State facilities. While the long-time sentiment in Hawai‘i[3] has been that “wheeling should be addressed at a later time,”[4] the urgency to reduce and ultimately eliminate the harmful economic impacts of oil price volatility in the transportation and electricity sector makes careful evaluation and consideration of wheeling timely and prudent. Shared solar programs are examples of wheeling that has served the public interest throughout Hawai’i and provided value to ratepayers since passage of the underlying law permitting it in 2015.

Due to the importance and complexity of the topic[5] among other urgent issues to be decided, particularly in the aftermath of the Maui wildfires, HSEO recommends that the PUC be given discretion to determine the appropriate regulatory proceeding or timing.

Thank you for the opportunity to testify.

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[1] Docket No. 2019-0323, https://puc.hawaii.gov/energy/der/
[2] Docket No. 2018-0088, https://puc.hawaii.gov/energy/pbr/
[3] Docket No. 2007-0176, opened in 2007, was limited to the wheeling of electricity between governmental entities and did not encompass retail wheeling. That docket was suspended on December 8, 2008, to “allow for the conservation of limited resources.” Since many of the interconnection, control, and technical questions were the same, discussion moved to the Reliability Standards Working Group, part of the Feed-in Tariff docket (Docket No. 2008-0273) and has continued since then. The many topics, from power generation (intermittent, firm, dispatchable, in-fill, excess, renewable, emissions); interconnection (location, timing, value, cost, technical feasibility), line capacity (timing, capacity factors, limits, losses, heating, transformers, prioritization, congestion pricing, expansion, location, circuit limits, voltage support), use (time of use, customer class, ratepayer impacts, demand response, aggregator services) have been discussed, quantified, and sometimes set aside for future evaluation in subsequent dockets.
[4] Hawaiian Electric, Docket No. 2018-0163, Microgrid Working Group ... February 10, 2021, footnote 20: “…as a general matter, the Commission believes retail wheeling will likely require additional discussion after the filing deadline and as such, this issue should be addressed at a later time…”
[5] Energy Law Journal, https://www.eba-net.org/wp-content/uploads/2023/02/14_25EnergyLJ1612004.pdf

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

TO THE
SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION

February 27, 2024
10:01 a.m.

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

MEASURE: S.B. No. 3194, SD1
TITLE: RELATING TO ENERGY.

DESCRIPTION: Authorizes independent generators of renewable energy to wheel the renewable electricity they produce to users of renewable energy under administrative rules established by the Public Utilities Commission. Takes effect 1/1/2060. (SD1)

POSITION:

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

COMMENTS:

The Commission appreciates the intent of this measure to promote increased renewable energy production. The Commission supports examination of diverse measures that would promote the production of clean electricity and understands that generators of renewable energy play an important role in the State's transition to renewable energy.

The Commission believes it is feasible to determine whether retail wheeling is in the public interest and develop appropriate policies and procedures to implement retail wheeling by December 31, 2025. The Commission notes that electricity 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. The Commission observes that an investigatory docket would be an appropriate forum to explore whether implementing retail wheeling in Hawaii is feasible and in the public interest. Thus,

with feedback from stakeholders, the Commission would develop a carefully scoped statement of issues and would set and maintain a procedural schedule taking into account that wheeling is already being discussed in other Commission dockets. The investigatory docket process allows the opportunity for stakeholders to intervene and collaborate on determining the appropriate rates and procedures for retail wheeling.

As noted, the Commission has previously, and is currently, exploring issues related to compensation for renewable energy generators that address issues similar to wheeling and that could support development of a wheeling tariff. The Commission previously investigated intragovernmental wheeling in Docket No. 2007-0176, which closed in 2019 and led to the refined focus on microgrids, a form of distribution-level wheeling being explored in Docket No. 2018-0163. Additionally, the Commission has been exploring compensation for small-scale customer generators in the distributed energy resources ("DER") docket, Docket No. 2019-0323; has established policies and procedures for shared energy projects and agreements at various scales in the community-based renewable energy ("CBRE") docket, Docket No. 2015-0389; and is looking at rate impacts to non-participants in such programs in the energy equity and justice docket, Docket No. 2022-0250. These previous and ongoing investigations would be reflected in the scope of an investigatory docket focused on retail wheeling.

The Commission respectfully recommends that the requirement to implement retail wheeling by December 31, 2025 be replaced by a requirement that the Commission determine whether retail wheeling is feasible and in the public interest in Hawaii, and if so, to determine appropriate implementation policies and procedures by the same date.
The Commission offers the following amendment to Page 4, lines 9-10:

> (b) No later than December 31, 2025, the <u>public utilities commission shall determine whether retail wheeling is in the public interest and, if in the public interest</u>, shall establish, by rule or order, policies and procedures to implement retail wheeling,

This determination would be followed by a report to the Legislature, that includes the Commission's findings, recommendations, and decision on retail wheeling, no later than twenty days prior to the convening of the regular session of 2026, as currently contemplated by the measure.

Thank you for the opportunity to testify on this measure.

Email: communications@ulupono.com

SENATE COMMITTEE ON COMMERCE & CONSUMER PROTECTION
Tuesday, February 27, 2024 — 10:01 a.m.

Ulupono Initiative offers comments on SB 3194 SD1, Relating to Energy.

Dear Chair Keohokalole 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 offers comments on SB 3194 SD1, which authorizes independent generators of renewable energy to wheel the renewable electricity they produce to users of renewable energy under administrative rules established by the Public Utilities Commission.

While we applaud legislators' willingness to consider all possible solutions, Ulupono shares several concerns regarding the concept of electricity wheeling as it pertains to Hawai'i as an island state and its potential implications to our electricity markets, grid stability, and overall energy policy.

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 and the broader public interest. This is especially the case currently when utility-scale solar energy is being contracted at roughly half the cost of oil-fired electricity.

Ulupono's concerns around electricity wheeling also stem from its potential adverse effects on our energy market, the stability of our power grid, and the overarching goals of our energy policy. The practice of wheeling, particularly in the unique context of Hawai'i's isolated island grids, which lack interconnectivity, is ill-suited. Hawai'i's distinct challenges, such as limited land availability and high land costs, further complicate the matter. Unlike in the continental United States, where competition among independent power producers across state lines can be beneficial, wheeling in Hawai'i could unintentionally lead to a reduction in affordable renewable energy options accessible to all grid-connected consumers. In real terms, the beneficiaries of wheeling would be the customers lucky enough to gain access to a private power agreement, at the expense of

those who cannot. The customers left out of these agreements would bear an increased share of legacy costs and dwindling access to lower-cost renewable projects.

Moreover, wheeling presents intricate challenges in grid management, potentially undermining the stability and reliability of the power grid. The increased movement of electricity through different grid areas could cause congestion and complicate the real-time balancing of energy supply and demand. Retail wheeling may in fact exacerbate our energy costs by increasing grid operating costs. As noted by the National Regulatory Research Institute. "[i]f the electric transmission and distribution systems are not designed for the purpose of wheeling large and frequent quantities of power across the system, extensive use for wheeling could necessitate costly additions to the system."[1]

Although electricity wheeling is intended to encourage competition and reduce energy costs, it is crucial to contemplate its broader implications, including those on grid stability, investment in infrastructure, market equity, and the complexity of regulatory frameworks. Ulupono earnestly urges the Legislature to deliberate thoroughly on these issues and to consider the potential negative repercussions of electricity wheeling on our energy markets and infrastructure. We believe collective efforts should be directed toward formulating policies that guarantee a stable, fair, and sustainable energy future for all.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

[1] See Overview of Issues Relating to the Retail Wheeling Electricity, The National Regulatory Research Institute, May 1994, at 58. https://ipu.msu.edu/wp-content/uploads/2016/12/Costello-Overview-of-Issues-Relating-94-09-May-94-1.pdf

Tawhiri Power LLC  TM

TESTIMONY OF TAWHIRI POWER LLC
ON SB 3194, SD1 BEFORE THE SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION
TUESDAY, FEBRUARY 27, 2024 AT 10:01 a.m.

TO THE HONORABLE CHAIR KEOHOKALOLE, VICE CHAIR FUKUNAGA AND MEMBERS OF THE COMMITTEE:

Tawhiri Power LLC ("TPL")[1] strongly supports SB 3194, SD1 because it will be a major step forward in helping the State reach its goal of obtaining 100% of its energy needs from renewable sources.

This bill is long overdue. In past Sessions there have been bills on wheeling and generally the folks opposing these bills have argued that the bills are not necessary because there is already a docket at the Public Utilities Commission ("PUC") on this issue. What they fail to say is that the docket has made little progress.

Currently, without retail wheeling, renewable energy produced by Independent Power Producers ("IPPs), like Tawhiri, generally can only be sold to the Utility or used by the IPP on site. If there is any additional renewable energy that is not taken by the Utility or cannot be used by the IPP on its site, it is wasted. For example, so far this month, HELCO has curtailed Tawhiri's clean renewable wind facility some 255,000 kWhrs of electricity. Approximately 150 barrels of fossil fuel was burned instead. If this bill is passed, Tawhiri could have the opportunity to sell this curtailed energy directly to end users. These consumers may be in state enterprise zones, affordable housing developments, or other areas of the State or Counties with distressed or disadvantaged communities. Thus, retail wheeling can benefit all.

[1] TPL is an Independent Power Producer ("IPP") that owns and operates Pakini Nui Wind Farm located in the South Point Area on the Island of Hawaii.

Offices: 1291 E. Hillsdale Blvd., Ste. 213, Foster City, CA 94404 1-650-358-1550; 1-650-358-1966 Fax
Pakini Nui Wind Farm, 93-1373 South Point Road, Kau, Hawaii 96772

If the State is serious about being 100% renewable, we can no longer delay and we need to implement wheeling now. Thus, we strongly urge the Committee to pass this bill out.

Thank you for the opportunity to testify.

Kauaʻi Island Utility Cooperative
Your Touchstone Energy® Cooperative

Testimony Before the Senate Committee on Commerce and Consumer Protection

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

Tuesday, February 27, 2024; 10:01 am
Conference Room #229 & Videoconference

Senate Bill No. 3194 SD1 - RELATING TO ENERGY

To the Honorable Chair Jarrett Keohokalole, Honorable Vice Chair Carol Fukunaga 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 offers amendments on 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.

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.

KIUC supports the recommendation from the Hawaiʻi Public Utilities Commission (PUC) that the PUC open a docket to determine whether retail wheeling is feasible and in the public interest in Hawaiʻi. KIUC does not support the current language in the bill, which pre-supposes the implementation of wheeling. We offer the following amendment:

> "§269- Retail wheeling; renewable energy; rules. (a) [~~Independent renewable energy generators may engage in retail wheeling of renewable electricity. (b)~~] No later than December 31, 2025, the public utilities commission shall submit a report to the legislature which includes the Commission's findings, recommendations and decision on implementation of retail wheeling, [establish, by rule or order, policies and procedures to implement retail wheeling,] including, if applicable, any appropriate rate to charge the renewable electricity project developer, independent renewable energy generator, or user of renewable energy for retail wheeling, and [~~.(c) The public utilities commission shall submit a report of its findings and recommendations on retail wheeling to the legislature no later than twenty days prior to the convening of the regular session of 2026. (d) The public utilities commission shall evaluate~~] the need to adopt customer protection measures.

Mahalo for your consideration.

Hawaii Solar Energy Association
Serving Hawaii Since 1977

Testimony of the Hawaii Solar Energy Association (HSEA) Regarding SB3194 SD1, Relating to Energy, Before the Senate Committee on Commerce and Consumer Protection

Tuesday, February 27, 2024

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

The Hawaii Solar Energy Association (HSEA) ***supports SB3194 SD1***, which authorizes independent energy generators to engage in retail wheeling and requires the Public Utilities Commission to establish, by rule or order, policies and procedures to implement retail wheeling.

HSEA members include the majority of locally owned and operated solar and renewable energy companies doing business in the state of Hawaii along with leading global cleantech manufacturers and service providers that invest and sell in our market. We employ thousands of residents in diverse green economy jobs and 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.

Hawaii needs a diverse portfolio of renewable energy assets from a variety of sources and at a variety of scales. With proper procedures and rules, retail wheeling offers an attractive solution that can bring significant benefits to all Hawaii's ratepayers. As we look to rebuild after the disastrous Lahaina wildfires, retail wheeling in conjunction with microgrids, community-based renewable energy, and distributed generation could provide a relatively low-cost solution for resilient and clean power. And as we endeavor to transition all of Hawaii's electric grids away from fossil fuels, we need to think creatively and look at a wider array of options.

Thank you for providing the opportunity to testify in ***support of SB3194 SD1***.

Respectfully,

/s/ Rocky Mould

Rocky Mould
Executive Director

TESTIMONY BEFORE THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

SB 3194, SD1
Relating to Energy

Tuesday, February 27, 2024
10:01 am
State Capitol, Conference Room 229

James Abraham
Associate General Counsel
Hawaiian Electric

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

My name is James Abraham and I am submitting written testimony on behalf of Hawaiian Electric offering comments on SB 3194, SD1, Relating to Energy.

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 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 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.

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 as proposed in this bill 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. Enabling full retail wheeling could potentially exacerbate financial and geographic equity issues by encouraging the construction of renewable energy projects on one part of the island to supply power exclusively to customers on another part of the island, using Hawaiian Electric's transmission and distribution system to connect them. Even assuming the Company is compensated for use of its infrastructure for the benefit of some customers, this arrangement could shift costs to customers who do not benefit from wheeling arrangements yet must still pay to maintain the grid. It could also aggravate community concerns that have emerged around the siting of renewable energy projects, especially if the benefits accrue only to end users located miles away. The PUC is currently investigating these and other energy equity issues in Docket No. 2022-0250, but the concepts being discussed in that proceeding do not include wheeling or the unregulated private energy producers who would be allowed to wheel under this bill.

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 SB 3194, SD1. Thank you for this opportunity to testify.

LATE

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
February 27, 2024 at 10:01 AM

TESTIMONY IN SUPPORT OF SB 3194 SD1

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

Blue Planet Foundation **supports SB 3194 SD1**, which directs the Public Utilities Commission to implement rules that would authorize independent generators of renewable energy to "wheel" the renewable electricity they produce. This bill can ensure that the state will adopt mechanisms to increase competition within Hawai'i's electrical markets, expand customer choice, and provide pathways for renewable energy innovation and generation.

Blue Planet Foundation is a Hawai'i-based nonprofit organization committed to help Hawai'i cut its carbon emissions and avoid the worst impacts of climate change. Through our advocacy for renewable energy, energy efficiency, and clean transportation, we seek to make our communities stronger, our energy more secure, our environment healthier, and our economy more robust.

We support the ongoing shift of electric utilities in Hawai'i from a centralized producer-distributor to a decentralized distribution manager—i.e. the utility will control and manage the wires of the new intelligent grid but more of the power can come from independent, clean energy sources.

Retail wheeling is a step toward this new model for the utility, where independent power producers can enter into agreements with end users and effectively "rent" the transmission and distribution capability from the utility. Such an arrangement would open the doors to innovation and encourage more to invest in clean energy development.

For example, some renewable energy projects in Hawai'i are restricted from selling their power at certain times of the day due to oversupply or the inability of the utility to reduce the generation from a fossil fuel power plant. If retail wheeling were allowed, the renewable energy project could find a potential customer for their excess energy—perhaps at a much-discounted rate. A large resort might be interested in purchasing lower cost electricity for ice storage for air conditioning. Or someone may wish to sell lower-cost renewable energy to an electric vehicle (EV) charger aggregator to charge EVs. This would have multiple benefits for the grid, clean energy power producers, and customers. What's more, retail wheeling can be a useful tool to promote community-based microgrids and bring us closer to our vision for a participatory and resilient grid of the future where residents and communities can produce and share energy. Thank you for the opportunity to testify in support of this measure.