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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Energy & Environmental Protection
Tuesday, March 14, 2023
9:30 a.m.
Conference Room 325**

**On the following measure:
S.B. 1154, S.D. 2, RELATING TO ENERGY**

Chair Lowen 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 offers comments on this bill.

The purpose of this bill is to authorize government agencies to wheel electricity over the existing transmission lines of a third-party electric public utility, excluding member-owned cooperatives, that is produced by their own facilities from renewable energy sources to another government agency's facilities, subject to certain restrictions.

The Department appreciates the bill's intent to not only support the State's ability to install renewable energy facilities, but also to facilitate the sharing of renewable energy facility benefits among different state agencies. The issue of intragovernmental wheeling has been evaluated before, including in the Commission's Docket No. 2007-0176. At the time of Docket No. 2007-0176, the State's options to support renewable energy projects were limited and standing up an intragovernmental wheeling program would have

required considerable resources. Since that time, other 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 is also considering the issue of wheeling in Docket No. 2018-0163. In that docket, the scope of investigating a microgrid services tariff has expanded to include microgrids that may serve customers who are not on contiguous premises; this would essentially require a form of wheeling.

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 its 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 an additional docket to investigate wheeling would be mitigated, if not obviated.

The Department appreciates how this version of the bill grants the Commission the flexibility to implement wheeling through Commission orders or by rule since authorizing wheeling by order would be more expedient and efficient. Requiring the Commission to implement any form of wheeling through rulemaking could not only delay the implementation but also create additional delays in the future when changes may be required to ensure that terms, conditions, prices, and other factors related to wheeling may need to change to reflect future system requirements and the Commission will have to go through rulemaking procedures again.

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
HOUSE COMMITTEE ON

ENERGY & ENVIRONMENTAL PROTECTION

March 14, 2023
9:30 AM

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

MEASURE: S.B. No. 1154, SD2
TITLE: RELATING TO ENERGY.

DESCRIPTION: Authorizes government agencies to wheel electricity that is produced by their own facilities from renewable energy sources to another government agency's facilities, subject to certain restrictions. Exempts member-owned cooperatives. (SD2)

POSITION:

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

COMMENTS:

The Commission appreciates the intent of this measure to encourage the production of clean energy and reduce Hawaii's dependence on fossil fuels. The Commission also agrees with the Senate Committees on Energy, Economic Development, and Tourism and Government Operations' decision to amend the language to allow the Commission to implement provisions of this measure either through the adoption of rules or by Commission order and to exempt member-owned cooperatives.

In the event that this measure advances and becomes law, the Commission shall initiate a docketed proceeding in adherence with the language of this measure.

Thank you for the opportunity to testify on this measure.



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COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Rep. Nicole E. Lowen, Chair
Rep. Elle Cochran, Vice Chair

DATE: Tuesday, March 14, 2023
TIME: 9:30 AM
Conference Room 325

SB1154 SD1 Relating to Energy

Opposition

Aloha Chairs Lowen, Vice Chair Elle Cochran and Members of the Committees

Life of the Land is Hawai`i's own energy, environmental and community action group advocating for the people and `aina for 53 years. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

This bill has two major flaws. First, the bill asserts that solar energy produced that isn't wheeled is wasted when in fact it can be sold to the utility. Second, it appears that Maui Community College did not confer with the University of Hawai`i before getting this bill introduced. The University of Hawaii requested the right to produce electricity in one place and buy it in another place under a new green tariff mechanism. The PUC has an open docket (2020-0204) examining this proposal. The parties are HECO, the Consumer Advocate, the University of Hawaii, and Life of the Land.

Wheeling is historically defined as the transportation of electric energy (megawatt-hours) from within an electrical grid to an electrical load outside the grid boundaries. In a simpler sense, it refers to the process of transmission of electricity through the transmission lines.

A wheeling transaction typically involves a utility transmitting power for two other utilities that are not physically interconnected. Under such a transaction, which is wholesale in nature, the transmitting utility is neither the seller nor buyer of power.

On April 30, 2004, the Legislature adopted Senate Concurrent Resolution No. 180. Among other things, the Legislature requested that the commission explore ways to implement intra-governmental wheeling to facilitate government wheeling of electricity.

The Legislature defined wheeling as "the process of transmitting electric power from a seller's point of generation across a third-party-owned transmission and distribution system to the seller's retail customer."

The Public Utilities Commission opened a proceeding to examine wheeling on the transmission grid. Docket no. 2007-0176 was open from 2007-19.

The parties were the HECO Companies, KIUC, Consumer Advocate; Department of Defense, DBEDT, the four counties, Life of the Land, and Castle Cooke Resorts, LLC/Lanai Sustainability Research, LLC.

The Commission concluded in 2019 that evaluating distribution-level wheeling via a microgrid services tariff made more sense for the short-term. "The commission makes

clear that such action does not preclude the commission from examining the feasibility of intra-governmental wheeling in the future.”

SB 1154 defines, wheeling to mean “transmitting electric power from one governmental agency's point of generation to the facilities of other governmental agencies over the existing transmission lines of a third-party electric public utility.”

“Facilities such as the University of Hawaii Maui college and nine other campuses across the State have photovoltaic systems installed on their parking shade structures and rooftops. The excess electricity generated at these facilities is wasted because there is no system that allows wheeling of the surplus clean energy to another connected facility.”

The legislation is redundant. The PUC can continue to examine wheeling.

HECO, the Consumer Advocate, the University of Hawaii, and Life of the Land are in docket no. 2020-0204 in which HECO proposes a green tariff be established between the University of Hawaii and the HECO Companies.

“UH believes that all available options, including but not limited to wheeling, should be considered for effective planning to achieve the net zero energy mandate.” However, UH has not committed to wheeling. It merely wants that option on the table.

HECO responded to a Life of the Land Information Request. “The proposed Green Tariff is a form of `virtual` wheeling: electric power is not moved from the point of generation specifically to the University of Hawaii’s point of energy use; however, proposed billing adjustments reflect attribution of such movement.”

There are other types of wheeling currently underway. Community Based Renewable Energy is a form of virtual wheeling where the electricity is not moved from

point A to point B, but the energy generated at point A is priced and offset against the bills of various customers. Issues are being addressed in an ongoing proceeding (docket no. 2015-0389)

There is another open proceeding involving wheeling (docket no. 2018-0163). A third party can own a microgrid that operates independently when the utility grid fails. The third party microgrid may contain utility-owned lines, and thus electricity would be wheeled across the utility grid.

It is important to recognize that in each of these examples of wheeling, the cost to non-participants cannot be negatively impacted. The Consumer Advocate and the Public Utilities Commission are very concerned about cost impacts to non-participants.

Many options exist for UH. They could create a Community Based Renewable Energy project involving only university facilities. They can participate in the Feed-in Tariff program. They can build on-site solar plus storage facilities. They can create microgrids. One option that is no longer available is net energy metering.

Mahalo

Henry Curtis



Email: communications@ulupono.com

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Tuesday, March 14, 2023 — 9:00 a.m.

Ulupono Initiative supports the intent of SB 1154 SD2, Relating to Energy.

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 the intent of SB 1154 SD2, which authorizes government agencies to wheel electricity over the existing transmission lines of a third-party electric public utility, excluding member-owned cooperatives, that is produced by their own facilities from renewable energy sources to another government agency's facilities, subject to certain restrictions.

Normally, 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. This is especially the case currently when utility-scale solar energy is being contracted at roughly half the cost of oil-fired electricity.

However, in the case of wheeling by government agencies, the equity concerns are much less because the government agencies—and therefore tax-payers—benefit. In such cases, tax-payers and electric utility ratepayers are more or less the same constituents. By allowing this type of wheeling, it may encourage government agencies that have excess land or rooftop space at one facility to develop renewable energy on site even if it cannot all be used at the same location. It may also allow the State to lead by example in adopting renewable energy.

Should governmental wheeling be considered, we strongly support this bill's direction to have the Hawai'i Public Utilities Commission take the lead in rule making around any such program. Furthermore, we believe that the amendment to ensure compliance with/for any federal funding opportunities is sensible.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION 1260 EMPOWERING THE PACIFIC

HOUSE COMMITTEE ON COMMERCE ENERGY & ENVIRONMENTAL PROTECTION

HEARING DATE: Tuesday, March 14, 2023
TIME: 9:00 a.m.
PLACE: State Capitol
Conference Room 325

RE: COMMENTS on Senate Bill 1154 SD2

Aloha Honorable Chair Lowen, Vice Chair Cochran and Members of the Committee;

The International Brotherhood of Electrical Workers Local 1260 (IBEW 1260) and its Business Manager and Financial Secretary, Leroy Chincio, Jr. would like to offer the following comments Senate Bill 1154 SD2 with additional comments.

IBEW 1260, is comprised of nearly 3,000 hardworking union members. Our members are a diverse workforce that largely consist of highly skilled and trained individuals working 24 hours a day, 7 days a week, to generate and transmit electricity here in the State of Hawai'i and to ensure the reliability and availability of this precious resource.

Senate Bill 1154 SD2 seeks to authorize government agencies to wheel electricity that is produced by their own facilities from renewable energy sources, subject to certain conditions determined by the public utilities commission (PUC).

The intent of this measure is not new and IBEW 1260 supports initiatives that seek to improve Hawai'i's energy future, but firmly believe reliability of the grid is a matter of public health, safety and welfare and should not be compromised. Previous legislatures have debated similar proposals contained in Senate Bill 1154 SD2¹. The PUC opened Docket 2007-0176 in response to legislative action², but closed it on October 30, 2019 citing its decision to reprioritize efforts in further response to more recent legislative action³. As such, we believe this measure is redundant and could compromise ongoing discussions. We believe the PUC should be allowed to conclude its work on current dockets and although IBEW 1260 appreciates the inclusion of our amendments offered and reflected in Senate Bill 1154 SD2⁴, we prefer the measure be held or deferred indefinitely.

However, should this Committee choose to pass this measure out, we respectfully ask that you consider additional amendments as follows:

¹ See House Bill 298 (2019).

² See Public Utilities Docket No. 2007-0176- Instituting Proceedings to Investigate the Implementation of Intragovernmental Wheeling Of Electricity pursuant to Senate Concurrent Resolution 180 (2004).

³ See Act 200 (2018), Relating to Resiliency.

⁴ At pg. 3 line(s) 12 to 2, and pg. 4 line(s) 1 to 3.



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
LOCAL UNION 1260
EMPOWERING THE PACIFIC

SECTION 2. Chapter 269, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

"§269- Wheeling; renewable energy; government agencies; rules. (a) A government agency may engage in wheeling of electricity produced at its own facilities from renewable sources.

(b) The public utilities commission shall open a docket to determine:

(1) The rate of compensation to an electric company acting as a transmitter; ~~or~~and

(2) Other terms to ensure wheeling is done in the public interest, which ~~may~~shall include:

(A) The timely execution of a workforce and community agreement with all stakeholders who may be economically impacted or displaced prior to authorization; and

(B) If receiving federal funding wholly or in part, compliance with the Build America, Buy America Act, P.L. 117-58, sections 70901-52 and Executive Order No. 14005, 86 Federal Regulations 7475 (2021);

(c) The public utilities commission shall implement this section by commission order or by rules pursuant to chapter 91.

(d) This section shall not apply to a member-owned cooperative.

(e) For the purposes of this section, "wheeling" means transmitting electric power from one governmental agency's point of generation to the facilities of other governmental agencies over the existing transmission lines of a third-party electric public utility."



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION 1260 EMPOWERING THE PACIFIC

In addition to grid integrity, IBEW 1260 is concerned about unintended economic and workforce impacts this measure may cause. At a time when topics like Hawai'i's high poverty levels⁵ and cost of living, increasing homelessness, lack of affordable housing, ongoing workforce development efforts, and out migration of local-residents to less expensive places to live dominate policy debate, IBEW 1260 kindly requests that mitigative provisions like that which we propose, are part of and included in the discussion.

We believe our amendments bring Senate Bill 1154 SD2 in-line with U.S. Department of Energy's response to Executive Order 14017 and initiatives to address the country's most pressing energy sustainability, resilience, and equity challenges that recognize workforce development and consider labor as an investment by requiring workforce and community agreements with stakeholders economically impacted or displaced by emerging renewable energy initiatives and goals⁶, and further complies with The Build America, Buy America Act⁷, enacted under Division G, Title IX of the Infrastructure Investment and Jobs Act (IIJA), which applies a domestic content procurement preference requirement (Buy America Requirement) to Federally funded public "infrastructure projects" with the goal of increasing a resilient domestic supply chain and manufacturing supply for critical materials both for emerging and existing industries in the United States which maximize use of domestically produced goods, products and materials consistent with Executive Order 14005. Bottom-line, is that it will help to protect our economy and provide good jobs that offset the growing socio-economic challenges we face today.

IBEW 1260 looks forward to working collaboratively on important matters such as these which have a direct impact on our members and their families, and sincerely thank you for your consideration and dedication to a renewable and reliable energy future. Mahalo for the opportunity to comment.

⁵ See ALICE in Hawai'i: 2022 Facts and Figures;
<https://www.auw.org/sites/default/files/pictures/ALICE%20in%20Hawaii%20-%202022%20Facts%20and%20Figures%20Full%20Report.pdf>

⁶ See America's Strategy To Secure The Supply Chain For A Robust Clean Energy Transition, p. 37; U.S. Department of Energy Response to Executive Order 14017, "America's Supply Chains" (February 24, 2022);
https://www.energy.gov/sites/default/files/2022-02/America%E2%80%99s%20Strategy%20to%20Secure%20the%20Supply%20Chain%20for%20a%20Robust%20Clean%20Energy%20Transition%20FINAL.docx_0.pdf

⁷ See [Build America, Buy America _ Department of Energy.pdf](#)



**Hawaiian
Electric**

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

S.B. 1154, SD2

Relating to Energy

Tuesday, March 14, 2023

9:30 am

State Capitol, Conference Room 325 & Videoconference

James Abraham
Associate General Counsel, Legal Department
Hawaiian Electric

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

My name is James Abraham and I am testifying on behalf of Hawaiian Electric
in opposition to S.B. 1154, SD2.

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 impact on non-wheeling customers.

This impact must include the opportunity costs to non-wheeling customers given the limited land resources available for energy production. If government agencies are permitted to use public land for production of energy to meet the agencies' load, that land will no longer be available for future RFPs and products to service all customers. This will make siting of new renewable products more difficult and increase the pricing for future projects.

Even if a wheeling rate could be established, implementing wheeling programs can be operationally and economically complex. For example, the utility must ensure that the transmission infrastructure can handle the additional load, and it must establish a billing system that accurately reflects the costs and benefits of the program for all customers.

Hawaiian Electric is committed to working with its customers to determine the best ways to meet their energy needs. Hawaiian Electric provides solutions for customers by providing options for customers, such as offering different types of programs that can help them lower their bills and increase their use of renewable energy. For example, Hawaiian Electric now enables customers to enjoy many of the benefits of wheeling through existing programs such as shared solar, Microgrid Services tariff and Green Tariff Pilot (currently awaiting regulatory approval).

In Hawai'i, there's no extension cord to the mainland. Unlike California and many other places we're compared to, we can't plug into the mainland grid, not to buy or sell electricity to neighboring utilities or for reliability. The loss of large customers will impair the sustainability of fair cost allocations to all customers which will impair economic development and the attainment of our State renewable policies and goals. We must address the State's energy future as a whole and not with techniques that sound reasonable as stand-alone concepts, especially those used in larger grids on the mainland with large manufacturing and commercial loads. We can all reach Hawaii's renewable future if we are all in it together.

Accordingly, Hawaiian Electric opposes S.B. 1154, SD2. Thank you for this opportunity to testify.



March 14, 2023

Representative Nicole E. Lowen, Chair
Representative Elle Cochran, Vice Chair
House Committee on Energy and Environmental Protection

Comments, Concerns, Opposition and Proposed Amendment to SB 1154, SD2, TO ENERGY (Authorizes government agencies to wheel electricity over the existing transmission lines of a third-party electric public utility, excluding member-owned cooperatives, that is produced by their own facilities from renewable energy sources to another government agency's facilities, subject to certain restrictions. Effective 7/1/2050. [SD2])

**Tuesday, March 14, 2023, at 9:30 A.M.
State Capitol, Conference Room 325 & Videoconference**

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers, and utility companies. One of LURF's missions is to advocate for reasonable, rational, and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources and public health and safety.

LURF appreciates the opportunity to provide the following concerns, comments, **opposition**, and **a proposed amendment to HB 1154, SD2**.

LURF's Position. LURF members lead the state with respect to renewable energy research, development and installation of renewable energy technology and implementation energy efficiency alternatives, as our statewide membership includes the two of the largest renewable energy utilities, major landowners, homebuilders, commercial and industrial developers, and hotels – who employ and support renewable energy and support the State's renewable energy goals.

While LURF appreciates and supports the general intent of this bill, it must regrettably **oppose** the current version of HB 1154, SD2, based on, among other things, the information from LURF members, and from the renewable energy expertise and prior testimonies relating to government "wheeling" (as far back as 2016), including prior testimony of Hawaiian Electric Company (Hawaiian Electric), the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs (Consumer Advocate), the Public Utilities Commission (PUC) and the University of Hawaii (UH).

LURF comments, concerns and objections are as follows:

1. **HB 1154, SD2 is premature, as there are other pending dockets at the Public Utilities Commission (PUC) relating to “wheeling.”** The testimony on this bill from the Consumer Advocate and Hawaiian Electric, indicates that there are a few ongoing PUC dockets that involve the concept of “wheeling” that could also address the issues raised in this measure. In its testimony, the State Consumer Advocate has wisely commented that if the PUC is allowed to complete the ongoing work in existing dockets, the need for an additional docket to investigate wheeling would be mitigated, if not obviated.
2. **This bill is unnecessary, as the UH and state agencies can file an application for and obtain PUC approval of a docket that details their plans for their wheeling projects.** The State should be subject to the same process and scrutiny as private parties. It should not need this special legislation and advantage to approve their new role as a “seller” of electricity.
3. **The bill raises fundamental questions and concerns that this bill is meant to solely benefit to UH and government agencies as a “SELLERS of clean electricity,” state agencies and their private “CLEAN ENERGY PROJECT DEVELOPER.”** Interesting issues and questions are raised by the bill’s reference to UH and “*government agencies as sellers of clean electricity;*” and the State and government agencies purchasing electricity from “*a clean electric project developer.*”
 - a. **Unclear confusing, and possibly conflicting role and responsibilities of the UH, State and government agencies.** This bill alternately refers to UH, the State and government agencies as “sellers of electricity” but also provides that the State and other government entities could “acquire clean electricity by purchasing it from a clean electricity project developer...” This is all very confusing. Are UH, the State, and other government agencies going to be “sellers” of electricity? Or “purchasers” of electricity from their own project developer? Or *both*?
 - b. **State agencies are not expressly authorized to be “sellers of electricity.”** The State Constitution and Hawaii Revised Statutes provide the duties and responsibilities of UH and other government agencies, and none of those responsibilities include “selling energy.”
 - c. **State and other government agencies should concentrate on their own “core kuleana” not “selling energy.”** The UH and most other government agencies should concentrate on their “core responsibilities, functions, and delivery of services, instead of becoming “sellers of energy.”

4. **The bill does not address serious concerns with possible adverse effects to other electric customers and ratepayers, the grid, third-party electric public utilities, and other stakeholders.** The prior testimony of the Consumer Advocate and Hawaiian Electric identify important “wheeling” issues that are being considered by the PUC in existing dockets, including: (a) *appropriate wheeling tariffs*, (b) wheeling operation in a manner that *does not adversely affect electric service for other electric customers*; (c) operating wheeling that *does not adversely affect the utility’s grid*; and (d) *fair compensation to the utility for using their transmission and distribution facilities to enable wheeling so that other customers do not have to unfairly subsidize wheeling activities*” of UH, the State and other government agencies. This bill does not specifically address any of these important issues, however, LURF understands that the existing PUC dockets are.

5. **The bill does not require the UH, State and other government agencies to fairly compensate the electric utility for reasonable fees and costs for the upgrade, use, repair and maintenance of an electric utility’s transmission lines, infrastructure, and services.** This is of particular concern, because in the past, a UH-related “wheeling” bills prohibited an electric utility from charging state microgrids fees and charges for interconnection into the electric utility system, or microgrid standby service rates. Thus, if this measure passes, without **a specific provision requiring fair compensation to protect the utility to protect ratepayers**, the UH and state agencies may claim that they are exempted from certain fees, or entitled to receive free or discounted fees for use of an electric utility’s infrastructure, services, and equipment. This would be at the expense of all other utility rate payers who will see an increase in electricity rates as they will have to pay for all the costs of the state agencies’ wheeling operations infrastructure without directly receiving any of the benefits.

In the alternative, if this bill moves forward, LURF respectfully recommends that it be **amended** to address the following “wheeling” concerns that have been raised in the past by the LURF, the PUC, Consumer Advocate, and Hawaiian Electric. These amendments would require the UH and state agencies to:

- Obtain PUC approval of UH, State or government agency wheeling projects through specific PUC dockets and orders, or by rule;
- Agree to continuing PUC oversight of those projects – no exemptions;
- Comply with PUC-approved standards for interconnection or reliability and safety;
- Pay their fair share of costs, just and reasonable rates, charges, and assessments, and agree to a condition that “wheeling” by the UH; and also a provision that UH, the State, and government agencies shall not unfairly shift costs to other utility customers; and
- Collaborate and engage in a “mutual gains” approach with all other stakeholders.

For the reasons stated above, LURF must **strongly oppose the current version of SB 1154, SD2** and respectfully requests that this Committee **favorably consider LURF's suggested amendments**, or in the alternative, that this bill be **deferred in your Committee** until the UH and State work collaboratively with the electric public utilities, key stakeholders, and the PUC to establish a "wheeling" proposal that is technically sound, prudent and fair for all parties.

Thank you for the opportunity to provide comments and concerns relating to this proposed measure.



HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

March 14, 2023 9:30 A.M.

Room 325

TESTIMONY IN SUPPORT OF SB 1154 SD2

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

Blue Planet Foundation **supports SB 1154**, 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. **We support SB 1154 and offer an amendment to expand the scope of the policy to include full retail wheeling of electricity.**

Blue Planet Foundation’s mission is to clear the path for 100% clean energy and to make Hawai‘i a role model for a just and sustainable transition to our low-carbon future. To that end, 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.

SUGGESTED AMENDMENT

info@blueplanetfoundation.org

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Blue Planet Foundation respectfully requests that this Committee amend SB 1154 to give direction to the PUC to enable full retail wheeling—not just wheeling of electricity within the government. We believe that expanding retail wheeling of clean energy to encompass all potential producers and consumers will greatly spur innovation in the electricity market and hasten the transition to 100% clean energy.

Thank you for the opportunity to testify.

SB-1154-SD-2

Submitted on: 3/13/2023 11:34:13 AM

Testimony for EEP on 3/14/2023 9:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Patricia Blair	Individual	Oppose	Written Testimony Only

Comments:

Taking effect 2250?