

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

SYLVIA LUKELIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

STATE OF HAWAII | KA MOKUʻĀINA 'O HAWAI'I OFFICE OF THE DIRECTOR DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS KA 'OIHANA PILI KĀLEPA

NADINE Y. ANDO
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Testimony of the Department of Commerce and Consumer Affairs

Before the
House Committee on Finance
Tuesday, April 1, 2025
2:00 p.m.
Conference Room 308

On the following measure: S.B. 1220, S.D. 2, H.D. 1, RELATING TO RENEWABLE GAS TARIFF

Chair Yamashita 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: (1) require gas utility companies to submit proposed renewable gas tariffs to the Public Utilities Commission (Commission) by 8/31/2025; and (2) require the Commission to establish a renewable gas tariff within nine months of receiving a completed application for a proposed renewable gas tariff.

The Department appreciates that the intent of this bill is to serve certain gas customers' demand to procure renewable gas. An appropriately designed tariff that fully considers the costs to procure and deliver renewable gas through Hawaii Gas' transmission and distribution system to customers with demands for renewable gas may help increase the build-out of renewable gas supplies in Hawaii. The Department especially appreciates that the bill stipulates that any renewable gas tariff shall not

Testimony of DCCA S.B. 1220, S.D. 2, H.D. 1 Page 2 of 2

increase rates for other gas customers. It is the Department's understanding that Hawaii Gas may be seeking to establish a renewable gas tariff to provide assurance to potential customers of the costs that they would incur from procuring renewable gas. The Department notes that there are potential options to Hawaii Gas to offer renewable gas such as through a pilot program. Such an approach may lower financial risk to Hawaii Gas and its customers while also enabling Hawaii Gas to offer renewable gas to some of its customers.

The Department also offers that the Legislature has heard bills that would have required Renewable Gas Portfolio Standards, and the Commission is currently investigating an Integrated Resource Plan for The Gas Company LLC dba Hawaii Gas in Docket No. 2022-0009, which may set some renewable gas targets. Renewable gas targets together with full consideration of the greenhouse gas emissions resulting from obtaining and using different renewable gas feedstocks and producing, delivering, and using renewable gas, can all help guide some decarbonization of Hawaii's regulated gas market. All of these factors need to be considered as part of establishing a rate for providing renewable gas.

While offering the above comments, the Department notes its appreciation of the Committee on Energy & Environmental Protection's adoption the Department's recommendation regarding its role in determining the sufficiency of any application consistent with State law, which is reflected in the H.D. 1 version of this bill.

Thank you for the opportunity to testify on this bill.

JOSH GREEN, M.D. GOVERNOR

SYLVIA LUKE

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LEODOLOFF R. ASUNCION, JR.

NAOMI U. KUWAYE COMMISSIONER

COLIN A. YOST

Website: puc.hawaii.gov E-mail: puc@hawaii.gov

Testimony of the Public Utilities Commission

HONOLULU, HAWAII 96813

To the House Committee on Finance

Tuesday, April 1, 2025 2:00 p.m.

Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

Measure: S.B. No. 1220, S.D. 2, H.D. 1

Title: RELATING TO RENEWABLE GAS TARIFF.

Position:

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

Comments:

The Commission appreciates the intent of this bill to provide an alternative process for a gas utility to propose the creation of a renewable gas tariff than through existing ratemaking procedures.

The Commission recognizes that this measure may help the State achieve its environmental and climate resilience goals through the implementation of a renewable gas tariff. The Commission believes that the nine-month deadline for a Commission decision in S.B. No. 1220, S.D. 2, H.D. 1 represents a fair balance between an applicant's desire for a quick and timely Commission decision, and the need for the Commission to afford parties, intervenors, and participants with adequate due process, as well as the need for the Commission to have adequate time to conduct its own investigation and decision making regarding any new renewable gas tariff.

While a general rate case is an established process through which the Commission could fairly allocate the costs of providing renewable gas to customers seeking renewable gas service, the Commission recognizes waiting for a future general rate case to create a renewable gas tariff may delay the creation of said tariff due to the timing of a gas utility's previous general rate case and the costs associated with litigating a general rate case. Therefore, the Commission recognizes how the process created by S.B. No. 1220, S.D. 2,

S.B. No. 1220, S. D. 2, H.D. 1 Page 2

H.D. 1 may enable a faster implementation of a renewable gas tariff than waiting for a future general rate case, which may be years away.

Whether a proposed renewable gas tariff is brought before the Commission via the process created in this measure or via a general rate case, the Commission remains committed to ensuring that any renewable gas tariff it may approve is just, reasonable, and in the public interest.

Thank you for the opportunity to testify on this measure.

MAKAKILO/KAPOLEI/HONOKAI HALE NEIGHBORHOOD BOARD NO. 34



c/o NEIGHBORHOOD COMMISSION • 925 DILLINGHAM BLVD SUITE 160 • HONOLULU, HAWAII, 96817 PHONE (808) 768-3710 • FAX (808) 768-3711 • INTERNET: http://www.honoulu.gov

RESOLUTION

SUPPORTING EFFORTS TO DIVERT WASTE FROM LANDFILLS, INCLUDING RECYCLING TO CREATE FUEL AND CONSTRUCTION MATERIALS

Whereas, the Makakilo/Kapolei/Honokai Hale Neighborhood Board No. 34 ("Board") is a citizens' advisory board whose purpose is to "increase and assure effective citizen participation in the decisions of government" per the City and County of Honolulu's Neighborhood Plan of 2008; and

Whereas, every community in Hawai'i deserves a "clean and healthful environment" as guaranteed by the Hawaii State Constitution (Article XI, Section 9; In re Maui Elec. Co., 2017 Haw.); and

Whereas, in 2021, the total waste generated on Oʻahu was 1,692,840 tons, with significant portions being recycled or diverted through various waste-to-energy initiatives, but still a substantial portion of waste ended up in landfills, including Construction and Demolition landfilling, general material recycling, and the H-Power Ash and Residuals; and

Whereas, nearly all landfilling, waste-to-energy processing, and recycling of Oʻahu's waste occurs in West Oʻahu at the City-owned Waimanalo Gulch Sanitary Landfill (WGSL) in Kahe Valley, adjacent to the Honokai Hale and Makakilo communities, and the City-owned H-POWER facility near Kapolei, where waste, including Construction and Demolition materials, passes through Makakilo, Kapolei, and Honokai Hale before being landfilled at WGSL or transported to PVT Land Company, Ltd. in Nānākuli; and

Whereas, the State of Hawaii has made significant strides in addressing climate change, including the declaration of a climate emergency in 2021, and the adoption of the Hawaii Clean Energy Initiative aiming for 100% renewable energy by 2045, and the adoption of Act 238, Session Laws of Hawaii 2022, to explore decarbonization pathways, including sustainable fuel production; and

Whereas, Hawaii's heavy reliance on imported fossil fuels continues to pose challenges to energy security, economic growth, and efforts to reduce greenhouse gas emissions, leading to the exploration of alternatives such as sustainable aviation fuel, renewable gas, and waste diversion through recycling as fuel; and

Whereas, the state's current waste disposal practices, particularly landfilling, have been associated with harmful public health risks, including respiratory, neurological, and gastrointestinal issues for nearby communities, as well as environmental hazards from landfill gases like hydrogen sulfide (H2S), which are linked to serious health problems; and

Whereas, studies have shown that communities within a 3.1-mile radius of landfills, including the PVT landfill and Waimanalo Gulch Sanitary Landfill in West Oahu, are potentially exposed to harmful pollutants, which have been linked to lung cancer, respiratory illnesses, and other health issues; and

Whereas, the residents within the Nanakuli Census tracks (15003009608 & 15003940002), in which PVT landfill resides, suffer 10 years less in their life expectancy than the state average (U.S. Small-Area Life Expectancy Estimates Project, Center for Disease Control, US Department of Health, 2020); and

Whereas, to mitigate these risks and improve the quality of life for residents, it is essential to adopt measures that promote waste diversion from landfills, including the recycling of waste materials into renewable fuels, which aligns with the state's decarbonization goals and reduces dependence on imported petroleum; and

Whereas, the City and County of Honolulu executed a contract with Covanta to evaluate and pursue recycling a portion of the ash, which may significantly reduce the amount of ash disposed at the Waimanalo Gulch Sanitary Landfill; and

Whereas, the Aloha Sustainable Materials Recycling & Fertilizer Facility (SMRFF), currently under development in Kapolei, Hawaii, will serve as a waste recycling facility for local solid-organic wastes, including construction and demolition (C&D) debris, which will be sorted into recyclable and unrecyclable materials, with organic C&D waste components such as lumber, cardboard, fabric, and plastic film converted to energy using a fluidized-bed gasification system to self-power the facility, while inorganic C&D waste, including concrete and window glass, will be recycled into building materials, and landscaping waste, greenwaste from invasive species eradication, and wildfire prevention projects will also be converted to energy, with the resulting ash, along with other local nutrient-containing wastes, formulated into organic and potash fertilizers for use in Hawaii, all of which is expected to reduce waste sent to landfills on O'ahu by half, with ongoing efforts to innovate further; and

Whereas, the adoption of renewable energy practices, such as recycling waste as fuel and producing sustainable aviation fuel locally, would not only improve environmental health but also stimulate local job creation and investment in clean energy infrastructure, contributing to Hawaii's energy independence and long-term sustainability; now, therefore be it

Resolved, that the Makakilo/Kapolei/Honokai Hale Neighborhood Board No. 34 supports efforts to divert waste from landfills, including recycling to create fuel and construction materials; and be it

Resolved, that the board supports the efforts of the City and County of Honolulu to recycle H-Power Ash for use in construction materials safely, and further supports the safe diversion of waste materials to the Aloha Sustainable Materials Recycling & Fertilizer Facility for recycling, including the creation of fuel; and be it

Resolved, the board supports efforts to divert waste from landfills, including recycling initiatives, provided that these efforts are implemented in a manner that minimizes and mitigates any negative effects on public health and safety; and be it

Resolved, the board supports the intent of bills <u>SB1220 (2025)</u> Relating to Renewable Gas Tariff and <u>HB976 (2025)</u> Relating to Renewable Fuel, and <u>SB764/HB750 (2025)</u> Relating to the Environment; and

Ordered, that copies of this resolution be transmitted to the Mayor of the City and County of Honolulu, Honolulu Council Members, Area Legislators, and all Neighborhood Boards.

Adopted by the Makakilo/Kapolei/Honokai Hale Neighborhood Board No. 34 at its February 26, 2025 Regular Board Meeting, 8-0-0 (**Aye**: Dudley, Ferreira, Khan, Lidstone, Moon, Singleton, Taala, Paris; **Nay**: None; **Abstain**: None)



Email: communications@ulupono.com

HOUSE COMMITTEE ON FINANCE Tuesday, April 1, 2025 — 2:00 p.m.

Ulupono Initiative supports SB 1220 SD 2 HD 1, Relating to Renewable Gas Tariff.

Dear Chair Yamashita 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 <u>supports</u> **SB 1220 SD 2 HD 1**, which requires gas utility companies to submit proposed renewable gas tariffs to the Public Utilities Commission (PUC) by August 31, 2025, and requires the PUC to establish a renewable gas tariff within nine months of receiving a proposed renewable gas tariff.

A renewable gas tariff will enable customers to choose a cleaner energy option, supporting consumer demand for sustainable alternatives while providing a regulatory framework that ensures just and reasonable rates. By setting a clear timeline for PUC review and approval, SB 1220 helps prevent unnecessary delays in implementing a critical component of Hawai'i's decarbonization strategy.

Importantly, the bill ensures that renewable gas tariffs do not lead to increased costs for non-participating ratepayers, maintaining equity in the energy transition.

Hawai'i has long been a leader in renewable energy, and the establishment of a renewable gas tariff aligns with the State's broader efforts to achieve carbon neutrality and energy resilience. This measure not only supports local renewable gas development but also enhances energy security by diversifying our fuel sources.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata Director of Government Affairs



Date: March 31st 2025

To: Representative Kyle T. Yamashita, Chair

Representative Jenna Takenouchi, Vice Chair Members of the House Committe=e on Finance

From: Climate Future Forum

Re: SUPPORT for SB1220 SD2 HD1

Hearing: **04-01-25 2:00PM**

On behalf of the Climate Future Forum, thank you for the opportunity to testify in support of SB1220. As a young resident of Hawai'i deeply committed to a sustainable future, I know that the actions we take today will define the legacy we leave for future generations.

At a time when our communities are increasingly feeling the impacts of climate change and the unpredictability of imported fossil fuels, SB1220 offers a bold, forward-thinking solution. By requiring gas utility companies to file proposed renewable gas tariffs by August 31, 2025, and setting a firm nine-month deadline for the Public Utilities Commission to establish these tariffs upon receiving a complete application, this bill ensures that our transition to clean energy is both accountable and timely.

Renewable gas produced from non-petroleum feedstock is more than just an alternative—it's a vital component in reducing Hawai'i's dependence on imported petroleum and in mitigating price fluctuations that disrupt our everyday lives. This legislation recognizes that environmentally and socially conscious consumers deserve access to clean energy options without having to go through increased costs. It is a critical step toward achieving our State's decarbonization goals and reinforces the principle that sustainable practices must be accessible to all, not just a select few.

I have witnessed firsthand the frustration in our community when sustainable choices are inaccessible to many due to the green premium we have to pay. SB1220 speaks directly to this challenge by mandating swift, decisive action and protecting all ratepayers from undue cost increases. By doing so, it not only paves the way for a cleaner energy future but also ensures that our energy system remains resilient, fair, and in the public interest.

For these reasons, I respectfully urge you to pass SB1220. Let us seize this opportunity to lead by example, demonstrating that Hawai'i is committed to innovative, equitable, and environmentally responsible energy solutions.

Thank you for your dedication to advancing climate resilience and for supporting the voices of those who are invested in a sustainable future.

Sincerely, Tahan Bapna Youth Leader of the Hawai'i Climate Future Forum



TESTIMONY TO THE **COMMITTEE ON FINANCE**

2:00 PM, April 1, 2025 Conference Room 308 & Via Videoconference

SB1220 HD1

Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee,

Hawaii Gas appreciates the opportunity to submit testimony in <u>strong support</u> of <u>SB1220 HD1</u>, which requires gas utility companies to submit proposed renewable gas tariffs to the Public Utilities Commission by August 31, 2025. Requires the Public Utilities Commission to establish a renewable gas tariff within nine months of receiving a completed application for a renewable gas tariff.

Hawaii Gas has collaborated with the Public Utilities Commission and the Consumer Advocate on this measure and supports the current version of SB1220 HD1, which includes their amendments and provides clarity to the proposal.

Current Barriers to Renewable Gas Tariff

Environmentally conscious customers want the option to purchase renewable gas, but current regulations require a general rate case to establish a tariff. This process costs ratepayers \$2–3 million and takes an average of two years—even with unanimous support. As rate cases are filed only every 4–6 years to maintain stable rates, the next case for Hawaii Gas is unlikely before 2030. When Hawaii Gas initially filed the current rate case almost two years ago, customer demand and the detailed information required for a renewable tariff were unavailable. Prematurely filing a rate for renewable gas could have had negative impacts on all customers.

Integrated Resource Plan (IRP) Limitation

Hawaii Gas is also participating in the PUC's **Integrated Resource Plan (IRP)**, a routine docket that utilities use to assess future energy needs. However, the IRP focuses on **supply-side resources** and is **not the appropriate forum for tariff** pricing.

Benefits of SB1220 HD1

SB1220 HD1 offers a faster, cost-effective pathway to implement a voluntary renewable gas tariff without bypassing regulatory standards. It maintains the "just, reasonable, and in the public interest" requirement under **Hawaii Administrative Rules Section 16-601-111** and protects other ratepayers by ensuring:

- 1. **Prompt Utility Filing** Complete tariff submission by **August 31, 2025**, for opt-in customers.
- 2. **Prompt PUC Review** PUC review and decision within **nine months**.
- 3. Ratepayer Protection No impact on rates for non-participating customers.



- 4. Maintaining Standards PUC retains full authority to request complete information and approve or deny tariffs.
- 5. Advancing Renewable Goals Supports Hawaii's climate and energy objectives.

Hawaii Gas will be ready submit a voluntary renewable gas tariff by August 31, 2025, ensuring no impact on other customers and enabling timely PUC review. We look forward to continued collaboration with the PUC, the Consumer Advocate and other stakeholders to achieve shared sustainability goals.

We urge the Committee to pass this critical legislation.

Thank you for the opportunity to testify.



Hawaii Resource Strategy Group, LLC supports SB 1220 HD 1, Relating to Renewable Gas Tariff

Dear Chair Yamashita, Vice Chair Takenouchi and Members of the House Committee on Finance:

My name is George Morvis, and I am the CEO of Hawaii Resource Strategy Group, LLC (HIRSG). HIRSG is a provider of management consulting and strategic advisory services in Hawaii focused on the clean energy, infrastructure and land stewardship submarkets. Additional information on HIRSG and its principals is available at www.hirsg.com.

Over the past 15 years, commencing with work on behalf of a large Hawaii landowner, through my tenure with Hawaii Gas' prior parent company (which ended in late 2018), and continuing through HIRSG's experience advising clients throughout the US on renewable energy and infrastructure issues, I have examined the potential for the production and utilization of renewable gas in the Hawaii market, and believe it can play an important role in achieving the State's energy and decarbonization goals. To be clear, while I have served on the Hawaii Gas board in the past, I have not served in such a capacity in the prior five years and HIRSG does not provide consulting services to Hawaii Gas nor its owners.

HIRSG supports SB 1220 HD 1, which requires gas utility companies to submit proposed renewable gas tariffs to the Public Utilities Commission (PUC) by August 31, 2025, and requires the PUC to establish a renewable gas tariff within nine months of receiving a proposed renewable gas tariff, subject to finding that the proposed tariff is just, reasonable and in the public interest. HIRSG believes that a renewable gas tariff will enable customers to choose a cleaner energy option, supporting consumer demand for sustainable alternatives while providing a regulatory framework that ensures just and reasonable rates and facilitating the development of renewable gas resources in our State. By setting a clear timeline for PUC review and approval, SB 1220 will also facilitate faster implementation of a critical component of Hawai'i's decarbonization strategy.

HIRSG thanks the Committee for the opportunity to provide testimony in support of this measure and respectfully requests your favorable consideration.

House Committee on Finance Representative Kyle T. Yamashita, Chair Representative Jenna Takenouchi, Vice Chair



Working together for Kapolei

Tuesday, April 1, 2025 2:00 p.m. Conference Room #308 and via videoconference

RE: SB1220 SD2 HD1 - Relating to Renewable Gas Tariff

Dear Chair Yamashita, Vice Chair Takenouchi, members of the Committee,

My name is Kiran Polk, and I am the Executive Director & CEO of the Kapolei Chamber of Commerce. The Kapolei Chamber of Commerce is an advocate for businesses in the Kapolei region including Waipahu, Kapolei, 'Ewa Beach, Nānakūli, Wai'anae and Mākaha. The Chamber works on behalf of its members and the business community to improve the regional and State economic climate and help West O'ahu businesses thrive. We are a member-driven, member-supported organization representing the interests of all types of business: small, medium or large, for profit or non-profit businesses or sole proprietorship.

The Kapolei Chamber of Commerce **supports SB1220 SD2 HD1** that requires gas utility companies to submit proposed renewable gas tariffs to the Public Utilities Commission by August 31, 2025, and the Public Utilities Commission to establish a renewable gas tariff within six months of receiving a proposed renewable gas tariff.

This measure takes a strategic and balanced approach to advancing renewable energy while maintaining strong regulatory oversight and consumer protection. By streamlining processes and eliminating unnecessary delays, this measure reinforces Hawaii's commitment to a sustainable, carbon-free future.

Thank you for this opportunity to provide testimony.

Respectfully,

Kiran Polk
Executive Director & CEO



March 31, 2025

Representative Kyle T. Yamashita, Chair Representative Jenna Takenouchi, Vice Chair House Committee on Finance

Support of SB 1220, SD2, HD1 RELATING TO RENEWABLE GAS TARIFFS (Requires gas utility companies to submit proposed renewable gas tariffs to the Public Utilities Commission by 8/31/2025. Requires the Public Utilities Commission to establish a renewable gas tariff within nine months of receiving a completed application for a proposed renewable gas tariff. Effective 7/1/3000. [SD2, HD1])

<u>FIN Hearing</u>: Tuesday, April 1, 2025, 2:00 p.m. State Capitol, Conference Room 308 & VIA 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. LURF's mission is to advocate for reasonable, rational, and equitable land use planning, legislation and regulations that encourage well-planned economic growth, housing, and renewable energy, while safeguarding Hawaii's significant natural, cultural, and agricultural resources, and public health and safety.

LURF is in strong support for SB 1220, SD2, HD1.

SB 1220, SD2, HD1. The stated purpose of this bill is to require:

- (1) Gas utility companies to file a proposed initial renewable gas tariff or tariffs with the public utilities commission by August 31, 2025; and
- (2) The public utilities commission to establish an initial or revised renewable gas tariff or tariffs no later than nine months after the filing of a completed application for a proposed renewable gas tariff if the commission finds the tariff to be just, reasonable, and in the public interest and the tariff does not increase rates for other customers.

LURF's Position. LURF and its members support all forms of renewable energy and over the past century, our members have led the state, and in some cases, the nation, in renewable energy research, development, installation, generation, and transmission of renewable energy, including hydrogen and Renewable Natural Gas (RNG) integration.

House Committee on Finance March 31, 2025 Page 2

Gas has long been Hawaii's lifeline during storms, hurricanes, inclement weather, wildfires, and power outages. The definition of "Renewable Energy" in §269-91, Hawaii Revised Statutes, includes biogas, biomass, biofuels and hydrogen, and over the past decade, Hawaii has recognized that renewable gas is part of the renewable energy "toolbox" that will help Hawaii achieve its decarbonization goals and provide customer choices to participate in renewable energy.

LURF understands that the Commission's existing regulatory process requires gas utility companies to file an application for a renewable gas tariff with the Commission, which then makes a decision on the application through the process of a general rate case, which could take as long as two years to complete and could cost customers between two and three million dollars.

SB 1220, SD2, HD1 represents a thoughtful and balanced approach to accelerating renewable energy deployment while upholding a regulatory framework of rigorous regulatory standards and consumer protections. By retaining the Commission's robust review and making the process more efficient, this measure could support Hawaii's leadership in transitioning to a sustainable, carbon-free future.

For the above reasons, LURF <u>strongly supports</u> **SB 1220**, **SD2**, **HD1** and respectfully urges your favorable consideration.

Thank you for the opportunity to provide testimony in support of this measure.



Andy Huang, Chairman – L&L Hawaiian Barbecue Ave Kwok, Past Chair – Jade Dynasty Seafood Restaurant
Mike Palmer, Incoming Chair – Ho'okipa Partners
Victor Lim, Government Relations Lead – McDonald's

Ave Kwok, Past Chair – Jade Dynasty Seafood Restaurant
Tambara Garrick, Treasurer – Hawaii Farm Project

I Mail: 2909 Wai'alae Avenue #22, Honolulu, HI 96826

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To: Committee on Finance

From: Hawaii Restaurant Association

Subj: SUPPORT: SB1220 SD2 HD1 - Relating to Renewable Gas Tariff

SB1220 SD2 HD1 represents a thoughtful and balanced approach to accelerating renewable energy deployment while upholding rigorous regulatory standards and consumer protections. By removing unnecessary delays, the measure supports Hawaii's leadership in transitioning to a sustainable, carbon-free future.

We respectfully urge the Committee to pass this vital legislation and thank you for the opportunity to provide testimony. We are available to address any questions.

Respectfully submitted,

Sheryl Matsuoka

President & CEO

Hawaii Restaurant Association

Shunkmatsuoka



April 1, 2025

Finance Committee Hawaii House of Representatives Honolulu, HI 96813

RNG Coalition testimony supporting S.B. 1220 SD2: Relating to Renewable Gas Tariff

Hon. Chair and Members of the Committee,

The Coalition for Renewable Natural Gas (RNG Coalition) represents and provides public policy advocacy and education for the renewable gas industry across North America. Our organization comprises over 400 members—including cities, counties, airports, ports, municipalities, colleges, universities, and leading companies operating in each sector of the industry—who capture, clean and condition greater than 95% of all RNG in the United States and Canada.

This legislation represents a balanced approach to accelerating renewable energy deployment while upholding rigorous consumer protection standards. By establishing a clear timeline for gas utilities to file renewable gas tariffs by August 31, 2025, and requiring PUC action within nine months, the measure removes unnecessary delays while ensuring proper regulatory oversight to protect Hawaii's consumers.

The voluntary nature of the renewable gas tariff program is a key consumer protection feature, allowing interested consumers to support local renewable gas development while ensuring no cost impacts to other customers. This aligns with Hawaii's goals to reduce dependence on imported petroleum, strengthen its energy security, and provide consumers with more transparent energy choices.

This legislation comes at a critical juncture when federal support for renewable energy initiatives faces uncertainty. Hawaii has the opportunity to establish itself as a clean energy leader while providing its consumers with expanded energy options through practical, market-based solutions that engage consumers directly in the energy transition.

Current regulations are inefficient and could delay consumer access to renewable options until 2030 or beyond. S.B. 1220 SD2 creates a sensible pathway that maintains proper consumer protections and regulatory oversight while delivering timely energy choices to Hawaii residents.

We respectfully urge the Committee to pass this vital legislation that expands consumer choice while advancing Hawaii's clean energy goals.

Sincerely,

Yanni Psareas *Legislative Affairs Manager*Coalition for Renewable Natural Gas

HOUSE OF REPRESENTATIVES

REGULAR SESSION OF 2025

House Finance Committee

TESTIMONY FOR BILL NO. SB1220 SD2 HD1

Position: Support

To the Honorable Chair Lowen, Vice Chair Perruso, and Members of the Committee,:

The Hawaii Bioeconomy Trade Organization SUPPORTS this measure.

Trade Organization

Which requires gas utility companies to submit proposed renewable gas tariffs to the Public Utilities Commission by August 31, 2025. Requires the Public Utilities Commission to establish a renewable gas tariff within nine months of receiving a completed application for a renewable gas tariff.

Environmentally conscious customers are seeking the option to purchase renewable gas through a renewable gas tariff. However, current regulations require a general rate case to create a renewable gas tariff, a process costing \$2–3 million and taking an average of two years—even when there is unanimous support and agreement. Because these costs ultimately fall to customers, gas utilities try to maintain stable rates by filing rate cases only every 4–6 years. As the gas utility is already in a rate case, the next filing would not occur until approximately 2030 or later, delaying access to renewable gas options.

This legislation provides a faster, more cost-effective way to request a renewable gas tariff using existing Hawaii statutes and administrative rules. It does not bypass any existing requirements or standards to establish rates, however, accelerates the process for timely approval. This legislation represents a thoughtful and balanced approach to accelerating renewable energy deployment while upholding rigorous regulatory standards and consumer protections. By removing unnecessary delays, the measure supports Hawaii's leadership in transitioning to a sustainable, carbon-free future.

We respectfully urge the Committee to pass this vital legislation and thank you for the opportunity to provide testimony. We are available to address any questions.

Thank you for your consideration of this testimony.

Regards,

Carl Campagna Executive Director carl@hawaiibioeconomy.org



Testimony to the House Committee on Finance Representative Kyle T. Yamashita, Chair Representative Jenna Takenouchi, Vice Chair

Tuesday, April 1, 2025, at 2:00PM Conference Room 308 & Videoconference

RE: SB1220 SD2 HD1 Relating to Renewable Gas Tariff

Aloha e Chair Yamashita, Vice Chair Takenouchi, and Members of the Committee:

My name is Sherry Menor, President and CEO of the Chamber of Commerce Hawaii ("The Chamber"). The Chamber supports Senate Bill 1220 Senate Draft 2 House Draft 1 (SB1220 SD2 HD1), which requires gas utility companies to submit proposed renewable gas tariffs to the Public Utilities Commission (PUC) by 8/31/2025. Requires the PUC to establish a renewable gas tariff within nine months of receiving a completed application for a proposed renewable gas tariff.

SB1220 SD2 HD1 aligns with our 2030 Blueprint for Hawaii: An Economic Action Plan, specifically under the policy pillar for Business Services. This bill promotes policies that drive economic growth, enhance workforce opportunities, and improve the quality of life for Hawaii's residents.

Hawaii urgently needs to expand renewable energy options to meet growing consumer and business demands for sustainability. This measure requires gas utilities to submit proposed renewable gas tariffs to the PUC by August 31, 2025, and directs the PUC to establish a tariff within nine months of receiving a complete application. This streamlined approach bypasses the costly, two-year general rate case process—often costing up to \$3 million—and ensures renewable gas is available much sooner than waiting until 2030.

The tariff, based on eligible customers' net usage, includes clear procedures for handling objections and amendments, ensuring fairness without raising rates for other customers. By leveraging existing statutory and administrative processes with proper oversight, this measure offers a practical path to boost renewable energy and reduce reliance on imported petroleum. The Chamber supports this legislation because it accelerates our clean energy future, gives businesses the flexibility to adopt renewable gas solutions, and delivers cost-effective, sustainable benefits to our communities.

The Chamber of Commerce Hawaii is the state's leading business advocacy organization, dedicated to improving Hawaii's economy and securing Hawaii's future for growth and opportunity. Our mission is to foster a vibrant economic climate. As such, we support initiatives and policies that align with the 2030 Blueprint for Hawaii that create opportunities to strengthen overall competitiveness, improve the quantity and skills of available workforce, diversify the economy, and build greater local wealth.

We respectfully ask to pass Senate Bill 1220 Senate Draft 2 House Draft 1. Thank you for the opportunity to testify.