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STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
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Testimony of the Department of Commerce and Consumer Affairs

Before the
Senate Committee on Commerce and Consumer Protection
Tuesday, February 20, 2024
9:30 a.m.
Conference Room 229

On the following measure:
S.B. 2511, RELATING TO THE PUBLIC UTILITIES COMMISSION

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 require the Public Utilities Commission (Commission) to consider the immediate and long-term creation of jobs in its review of electric utility performance.

The Department appreciates the intent of this bill to increase the use of local labor within the energy sector. Electric utilities in Hawaii are asked to work towards many public policy objectives simultaneously; while appropriate for a public utility, there may be unintended costs and impacts for any new objective. The Department notes how Hawaii Revised Statutes section 269-16.1 currently does not limit the Commission's consideration of performance incentive and penalty mechanisms to the enumerated list in subsection (b) (since it includes the wording "but not limited to . . ."); so in order to

analyze performance incentive and penalty mechanisms for job creation, the Department respectfully recommends a resolution asking the Commission to consider whether a performance incentive mechanism on job creation would be in the public interest, as a part of a holistic review of existing performance incentive and penalty mechanisms in the Commission's ongoing Performance-Based Regulation proceeding, Docket No. 2018-0088.

Further, the Department notes that job creation, both for immediate and long-term jobs, can occur both within the utility companies and external to the utility companies. With this in mind, the Department offers that the Good Jobs Hawaii partnership¹ between a number of community stakeholders including the Hawaii State Energy Office, the University of Hawaii Community Colleges, and the Hawaii Chamber of Commerce may provide additional benefits and resources related to the intent of this bill. Funded in part by a grant from the U.S. Economic Development Administration, Good Jobs Hawaii seeks to identify and meet current and future needs for and of Hawaii's workforce in several critical sectors including clean energy.

Thank you for the opportunity to testify on this bill.

¹ See <https://uhcc.hawaii.edu/goodjobshawaii/about.php>.

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

TO THE
SENATE COMMITTEE ON
COMMERCE AND CONSUMER PROTECTION

Tuesday, February 20, 2024
9:30 a.m.

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

MEASURE: S.B. No. 2511

TITLE: RELATING TO THE PUBLIC UTILITIES COMMISSION.

DESCRIPTION: Requires the Public Utilities Commission to consider the immediate and long-term creation of jobs in its review of electric utility performance.

POSITION:

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

COMMENTS:

The Commission appreciates the intent of this measure requiring it to consider, among other things, the immediate and long-term creation of jobs when reviewing performance incentives and penalties for electric utilities.

The Commission agrees that the energy sector can and should contribute to economic growth and employment in the State. As one example, the Commission recently recommended that Hawaiian Electric consider the extent that renewable energy projects use and sustain local employment as part of its criteria when evaluating project proposals. Programs related to distributed renewable energy generation, community based renewable energy, the electrification of transportation, and grid modernization, among others, indirectly grow Hawaii’s economy and provide employment to local workers by expanding the energy sector.

The Commission considers many factors when developing electric utilities’ performance incentive mechanisms (PIMs). In describing PIMs, Commission staff stated, “PIMs

provide financial motivation for utilities to improve performance toward established outcomes, or to discourage underperformance. ... Targets established for PIMs may be tied to state energy goals or other established regulatory priorities, and should balance the costs of achieving the target with the potential benefits to ratepayers.”¹ When designing PIMs it is important to consider whether the metric being evaluated is under the utility’s control and whether it is influenced by external factors. Because of this, when implementing this measure, the Commission would carefully consider how to craft a PIM that would incentivize the utility to deploy local labor through its use of contracting and selection of vendors, renewable energy project selection, and other programs and practices.

In developing such a PIM, the Commission would also aim to consider whether the jobs created are high-quality jobs that pay at or above market wages, are safe and secure, and provide benefits.

The Commission offers some specific language changes the Committee may consider:

- 1) Replace “immediate” with “short-term”: Most energy sector jobs related to new generation capacity are temporary, short-term jobs in the construction of energy plants. Using “short-term” instead of “immediate” better reflects the nature of these jobs.
- 2) Include “local” jobs: the Commission believes that it is important to keep jobs in the State to the extent possible.

Thank you for the opportunity to testify on this measure.

¹ See: <https://puc.hawaii.gov/wp-content/uploads/2019/02/2018-0088-PBR-Staff-Proposal.pdf>



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION 1260 EMPOWERING THE PACIFIC

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

HEARING DATE: Tuesday, February 20, 2024
TIME: 9:30 a.m.
PLACE: State Capitol
Conference Room 229

RE: Testimony **in Support** of Senate Bill 2511

Aloha Honorable Chair Keohokalole, Vice Chair Fukunaga, and Members of Committee;

The International Brotherhood of Electrical Workers Local 1260 (IBEW 1260) would like to respectfully offer the following testimony **in Support** of Senate Bill 2511, but respectfully requests consideration of the proposed amendments attached.

IBEW 1260 is comprised of approximately 3,000 members representing Hawaii's electric utility companies as well as government service contracts and media personnel throughout Hawaii, Guam, and Wake Island. Our members are a diverse local workforce of dedicated, highly skilled, and trained individuals working 24 hours a day, 7 days a week, to generate, transmit, and distribute electricity throughout Hawai'i and to ensure the reliability of this precious resource.

IBEW 1260 supports Senate Bill 2511 which requires the Public Utilities Commission to consider the immediate and long-term creation of jobs in its review of electric utility performance, but respectfully requests the attached amendments which gives consideration to the retention of the *existing* workforce in addition to the creation of an additional workforce.

The electric infrastructure and the jobs that electric utilities provide is vital to our community, and to our members and their families. Recent reports indicate that over 40% of Hawai'i's residents are ALICE and living paycheck to paycheck. At a time when cost of living, housing, and affordability...especially here in Hawai'i is at the forefront of most public policy discussions, it is important that we consider policy that reasonably aims to prevent the loss of valuable good paying jobs in addition to the creation of new ones.

Mahalo for the opportunity to testify on this important matter.

Attachments (1)



THE SENATE
THIRTY-SECOND LEGISLATURE, 2024
STATE OF HAWAII

S.B. NO. 2511

A BILL FOR AN ACT

RELATING TO THE PUBLIC UTILITIES COMMISSION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. Section 269-16.1, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

"(b) In developing performance incentive and penalty mechanisms, the public utilities commission's review of electric utility performance shall consider, but not be limited to, the following:

- (1) The economic incentives and cost-recovery mechanisms described in section 269-6(e);
- (2) Volatility and affordability of electric rates and customer electric bills;
- (3) Electric service reliability;
- (4) Customer engagement and satisfaction, including customer options for managing electricity costs;
- (5) Access to utility system information, including but not limited to public access to electric system planning data and aggregated customer energy use data and individual access to granular information about an individual customer's own energy use data;
- (6) Rapid integration of renewable energy sources, including quality interconnection of customer-sited resources; [~~and~~]
- (7) Timely execution of competitive procurement, third-party interconnection, and other business processes[-]; and



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
LOCAL UNION 1260
EMPOWERING THE PACIFIC

(8) The immediate and long-term retention and creation of jobs."

SECTION 2. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 3. This Act shall take effect upon its approval.

INTRODUCED BY: _____