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SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA

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Testimony of the Department of Commerce and Consumer Affairs

Before the
House Committee on Energy & Environmental Protection
Tuesday, January 28, 2025
9:00 a.m.
Conference Room 325

On the following measure:
H.B. 342, RELATING TO RENEWABLE GAS TARIFF

Chair Lowen 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 August 31, 2025; and (2) requires the Commission to establish a renewable gas tariff within six months of receiving a proposed renewable gas tariff.

The Department appreciates the intent of this bill 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 also especially appreciates how this bill stipulates that any renewable gas tariff should not increase rates

for other gas customers. 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 help guide some decarbonization of Hawaii's regulated gas market.

Thank you for the opportunity to testify on this bill.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
PUBLIC UTILITIES COMMISSION
465 S. KING STREET, #103
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Testimony of the Public Utilities Commission

To the
House Committee on
Energy & Environmental Protection

January 28, 2025
9:00 a.m.

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

Measure: H.B. 342
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 measure to establish a renewable gas tariff.

Although the Commission understands desire to establish a renewable gas tariff to satisfy the immediate demand from customers who chose to receive service under a renewable gas tariff, the Commission believes that H.B. 342 may not be the most efficient way to achieve that objective.

First, if there is immediate demand from numerous customers who wish to receive service under a renewable gas tariff, H.B. 342's requirement that the "renewable gas tariff shall be based on the eligible customer's net therm usage" may prove challenging for the Commission because such a requirement may necessitate a separate tariff for each utility gas customer that wishes to receive service under a renewable gas tariff. Each utility gas customer is going to have their own unique net therm usage, so if, for example, a dozen customers elect to receive service under a renewable gas tariff, a dozen different renewable gas tariffs may need to be established.

Second, the definition of "Net therm usage" in H.B. 342 creates additional difficulties for the Commission when the Commission is attempting to establish a renewable gas tariff because the ambiguity of the "designated time period" during which a customer uses gas

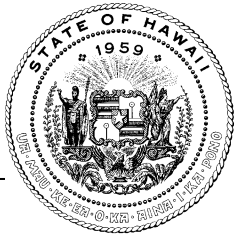
provides little guidance as to how much of the customer's gas usage the Commission must consider when determining the appropriate rate for a renewable gas tariff.

Third, the Commission is concerned that six months may not be enough time for the Commission to establish an appropriate rate for renewable gas that is just, reasonable, and in the public interest. Ratemaking is a careful and deliberate exercise in balancing the interests of many stakeholders to determine a just and reasonable rate that is in the public interest. Consequently, there are many procedural constraints that affect the Commission's schedule over which the Commission has little or no control. These may include public hearing requirements and the provision of sufficient time for any interested persons or entities to intervene or participate in the proceeding, each of which reduces the amount within H.B. 342's six-month window for the Commission to conduct any investigation of its own or deliberate. While the Commission appreciates the desire for a quick and timely decision, an overly prescriptive deadline for a Commission decision, especially for a novel issue such as a renewable gas tariff, may impair the Commission's ability to effectively perform its duties.

Consequently, the Commission believes that implementing a renewable gas tariff via a general rate case is preferable than through H.B. 342. A general rate case is a well-understood process that would afford the Commission with the opportunity to comprehensively consider a gas utility's operations and allocate the cost of renewable gas service to a renewable gas tariff and the cost of non-renewable gas service to other appropriate tariffs. The Commission would also be able to examine the net therm usages both for customers who desire renewable gas service and customers who do not wish such renewable gas service during a general rate case. Implementing a renewable gas tariff via a general rate case would also preserve H.B. 342's desire for a timely Commission decision as the Commission is statutorily bound by HRS § 269-19(d) to issue an interim decision in a general rate case within ten months of the filing of a completed rate application.

Should the Committee decide to move forward with this bill, the Commission respectfully requests that amendments be made to: (1) clarify whether each gas customer seeking renewable gas service would need their own renewable gas tariff or if the Commission can establish a general renewable gas tariff; (2) specify the "designated time period" used in the definition of the term "Net therm usage"; (3) specify that the Commission's review period starts after the filing of a completed application for a proposed renewable gas tariff; and (4) change the six month deadline to a nine month deadline, which would comport with the statutory deadline found in HRS § 269-19(d).

Thank you for the opportunity to testify on this measure.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

MARK B. GLICK
CHIEF ENERGY OFFICER

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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Tuesday, January 28, 2025
9:00 AM
State Capitol, Conference Room 325 and Videoconference

In Support of
HOUSE BILL NO. 342

RELATING TO RENEABLE GAS TARIFF.

Chair Lowen, Vice Chair Perruso, and Members of the Committee, the Hawai'i State Energy Office (HSEO) Supports HB342 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.

The purpose of §225P "... is to address the effects of climate change to protect the State's economy, environment, health, and way of life." The chapter establishes the framework for the State to "(1) Adapt to the inevitable impacts of global warming and climate change, including rising sea levels, temperatures, and other risk factors" and "(2) Mitigate its greenhouse gas emissions by sequestering more atmospheric carbon and greenhouse gases than the State produces as quickly as practicable, but no later than 2045." To achieve those ends all sectors of the economy need to be addressed. The gas utility in Hawai'i, Hawaii Gas, has long led the nation in hydrogen and RNG integration, laudible achievements. Remaining a leader requires continued progress in this sector for which a renewable gas tariff is a natural step to reasonably pursue HRS §225P State decarbonization goals and provide customer choice to participate in renewable energy that has long been afforded to electric utility customers. A renewable

gas tariff has been a topic of discussion in the Hawaii Gas IRP and is a concept that HSEO supports.

HSEO offers the following comment that the language starting on page 3, line 2 "...the proposed tariff does not increase rates for other customers,..." be stricken. The purpose of 225P is to address the effects of climate change, and §225P-5 (b) states that "After January 1, 2020, agency plans, decisions, and strategies shall give consideration to the impact of those plans, decisions, and strategies on the State's ability to achieve the goals in this section,...". The costs from the "...impacts of global warming and climate change, including rising sea levels, temperatures, and other risk factors..." may not show up in gas rates however still impact the costs to gas customers due to those risk factors. The language could unnecessary restrict the consideration of those issues in the development of a tariff in conflict with §225P-5 (b) which provides direction to State agencies that "After January 1, 2020, agency plans, decisions, and strategies shall give consideration to the impact of those plans, decisions, and strategies on the State's ability to achieve the goals in this section,...".

In addition, HSEO suggests that language be added to the preamble of HB342 referencing Hawai'i's decarbonization and clean energy goals, which are currently omitted and would provide an important context to the measure. HSEO stands ready to work with the legislature to craft such language.

Thank you for the opportunity to testify.



P.O. Box 37158, Honolulu, Hawai`i 96837-0158
Phone: 927-0709 henry.lifeoftheland@gmail.com

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Rep. Nicole E. Lowen, Chair

Rep. Amy A. Perruso, Vice Chair

DATE: Tuesday, January 28, 2025

TIME: 9:00 AM

Conference Room 325

Re: HB 342 RELATING TO RENEWABLE GAS TARIFF

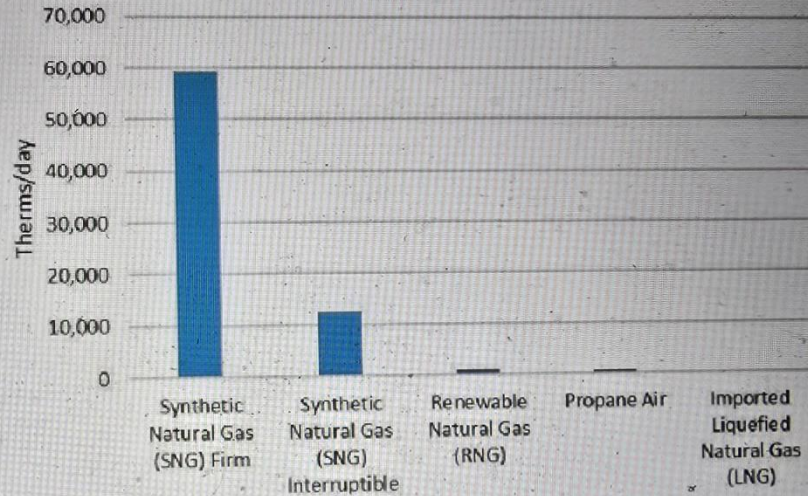
OPPOSE

Aloha Chair Lowen, Vice Chair Perruso, and Members of the Committee

Life of the Land is Hawai`i's own energy, environmental and community action group advocating for the people and `aina for 55 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.

The Gas Company is almost exclusively a seller of fossil fuels. They have no plans to increase renewable fuels until 2030, and even then, with caveats. A renewable tariff absent any meaningful increase in the sale of renewable fuel is greenwashing.

Figure 16: Hawaii Gas Current Supply Portfolio – Average 2017 – 2022



Middle Bar is the renewable energy component of regulated gas sales

Testimony of Nicolas Rodier, Executive Director of Clean Energy and Innovation Gas Company Rate Case, Docket No. 2024-0158. Entities in proceeding: Hawaii Gas, Consumer Advocate, Hawaii State Energy Office, Life of the Land.

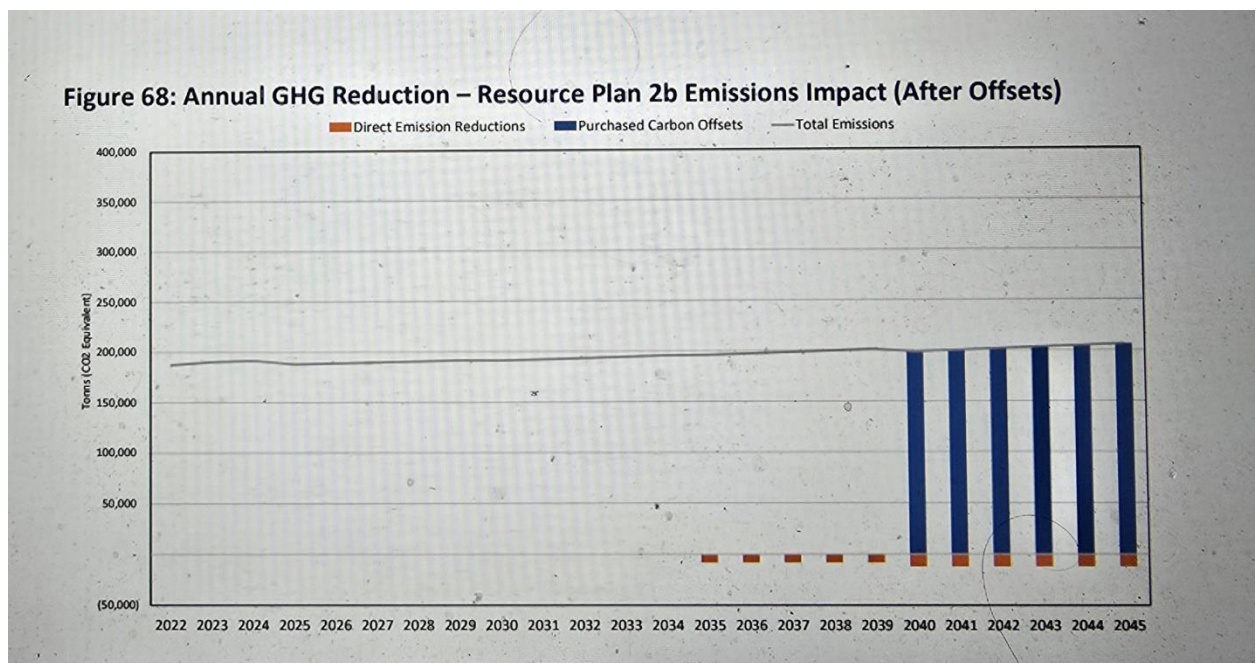
“Hawaii Gas released the RFP for local and non-local green hydrogen and RNG to the market on April 6, 2023.”¹ “On May 20, 2024, Hawaii Gas issued a press release announcing the selection of two projects from its RFP”² “Eurus Project... If this project is able to move forward, the goal would be to move it online sometime around 2030.”³ “Bana Pacific One Project... If this project is able to move forward, the goal would be to move it online sometime around 2030.”⁴

¹ HG Application at pdf 539

² Ibid at 540

³ Ibid at 541

⁴ Ibid at 541-42



Hawaii Gas plans to offset its greenhouse gas emissions almost exclusively by buying carbon offsets. The carbon offset market has been plagued with abuse.

“Following concerns that it is facilitating the sale of meaningless carbon credits to corporate clients, the **Nature Conservancy** says it’s conducting an internal review of its portfolio of carbon-offset projects. The nonprofit owns or has helped develop more than 20 such projects on forested lands mostly in the U.S., which generate credits that are purchased by such companies as JPMorgan Chase & Co., BlackRock Inc., and Walt Disney Co., which use them to claim large reductions in their own publicly reported emissions.

“The self-examination follows a Bloomberg Green investigation last year that found the world’s largest environmental group taking credit for preserving trees in no danger of destruction. The internal review is a sign that it’s at least questioning some practices that have become widespread in the environmental world, and could carry implications for the broader market for carbon credits.”⁵

⁵ <https://www.worldoil.com/news/2021/4/5/nature-conservancy-investigating-its-own-sales-of-potentially-meaningless-carbon-credits>

“The Massachusetts Audubon Society has long managed its land in western Massachusetts as crucial wildlife habitat. But in 2015, the conservation nonprofit presented California’s top climate regulator with a startling scenario: It could heavily log 9,700 acres of its preserved forests over the next few years.

:The group raised the possibility of chopping down hundreds of thousands of trees as part of its application to take part in California’s forest offset program.”

The California Air Resources Board “allows forest owners like Mass Audubon to earn so-called carbon credits for preserving trees. Each credit represents a ton of CO2. California polluters, such as oil companies, buy these credits so that they can emit more CO2 than they’d otherwise be allowed to under state law.”

“The Air Resources Board accepted Mass Audubon’s project into its program, requiring the nonprofit to preserve its forests over the next century instead of heavily logging them.”⁶

Mahalo for considering this testimony

Henry Curtis
Executive Director

⁶ <https://www.propublica.org/article/a-nonprofit-promised-to-preserve-wildlife-then-it-made-millions-claiming-it-could-cut-down-trees>



**Testimony to The Committee on Energy & Environmental Protection
Tuesday January 28, 2025
9:00 AM
Conference Room 325 & VIA videoconference
Hawaii State Capitol
HB 342**

Chair Lowen, Vice Chair Perruso, and members of the committee,
Hawaii Gas appreciates the opportunity to submit testimony in support of HB 342.

The Hawaii State Energy Office (“HSEO”) recently released its 2024 Annual Report announcing a bold new energy strategy intended to shift the status quo to accelerate the state’s energy transition to renewable and carbon-free energy. Shifting the status quo requires careful consideration of the systems and processes that impede progress towards Hawaii’s climate and emissions goals. The regulatory approval process was never designed for speed. It is lengthy and costly – even in circumstances where there is unanimous agreement that a given proposal is good and beneficial for customers.

This proposed measure seeks to address this by providing an accelerated regulatory process to establish a renewable gas tariff (i.e., a new renewable rate). First, it requires gas utilities to act promptly. If approved, gas utilities must file an application for a voluntary renewable gas tariff by August 31, 2025. Second, it requires that the Commission act promptly as well. The Commission must rule on the application within six (6) months. There are important conditions that are also included in the measure that are designed to protect customers. A utility may only use this accelerated mechanism if the new renewable gas tariff is voluntary. That is, the utility cannot force a customer to take and pay for renewable gas. Additionally, in this accelerated regulatory process, the new renewable gas tariff cannot increase rates for other gas customers on the system (i.e., other customer’s rates cannot be increased).

Why is this bill necessary? Without the proposed measures, gas utilities would need to file for a renewable gas tariff in a general rate case. Rate cases cost \$2-3 million and typically take 2 years to complete. Because customers ultimately pay this cost, and gas utilities try to keep rates stable as long as possible by delaying rate cases, without the accelerated process it could be 4-6 years before a new rate case is filed.

Specifically, the bill will:

1. **Require Gas Utilities to Act Promptly:** Gas utilities must file a proposed renewable gas rate with the Public Utilities Commission (PUC) by August 31, 2025.
2. **Require the PUC to Decide Promptly.** The PUC must review the proposed renewable gas rate and decide within six months.



3. **Protects Customers from Increased Rates.** The accelerated process may only be used if the proposed renewable gas rate is: (a) voluntary and (b) does not increase rates for other customers on the system.
4. **Uses the Same Approval Standard:** The accelerated process uses the same approval standard for all new rates. A gas utility must establish that the new rate is just, reasonable, and in the public interest.
5. **Advance Renewable Energy Goals:** The bill accelerates deployment of renewable gas to support the state's environmental and climate goals.

Critics of the measure may argue that this measure is not required because the PUC currently has authority to approve a renewable gas tariff under its existing statutory regime. We respectfully disagree. There is no provision in Chapter 269 that mandates a gas utility file a renewable gas rate by August 31, 2025. There is no provision in Chapter 269 that mandates the PUC issue a decision on a renewable gas rate within 6 months. And there is no provision in Chapter 269 that protects customers from bearing the cost of paying for a voluntary tariff for another customer.

At Hawaii Gas, we are prepared to comply with the proposed requirements to file a renewable gas tariff by August 31, 2025 that does not affect other ratepayers rates/tariffs to enable the PUC's review of proposed tariffs to be completed within six months. We look forward to working collaboratively with the PUC and other stakeholders to achieve these shared goals.

We urge the Committee to pass this important legislation. Thank you for the opportunity to provide testimony on this matter. We are available to answer any questions

Written Testimony in Support of HB 342

From: George Pritchard, President & CEO, BANA PACIFIC INC

Date: 1/27/2025

To: Honorable Members of the Energy and Environmental Protection Committee.

Subject: Testimony in Support of HB 342 – Renewable Gas Tariff

Dear Chairperson and Members of the Committee,

My name is **George Pritchard**, and I am the President and CEO of **BANA PACIFIC INC**, a local developer in partnership with Hawaii Gas to produce renewable natural gas (RNG) in Hawaii. I am writing to express my **strong support for HB 342**, which seeks to establish a renewable gas tariff for Hawaii's gas utilities.

Why HB 342 Matters

1. Advancing Hawaii's Climate Goals:

This bill aligns perfectly with Hawaii's broader goals of achieving decarbonization and reducing reliance on imported fossil fuels. By creating a pathway for renewable gas integration, HB 342 enables our state to lead by example in clean energy innovation.

2. Empowering Local Renewable Energy Producers:

A renewable gas tariff incentivizes and provides a viable market for producers like BANA PACIFIC INC to expand biogas and RNG production. This helps strengthen local supply chains and keeps energy dollars circulating within our state's economy.

3. Promoting Consumer Choice and Sustainability:

The voluntary nature of the tariff offers environmentally conscious consumers a practical way to support sustainable energy solutions. This demand for renewable gas will encourage further investment and innovation in the sector.

4. Economic Benefits and Energy Security:

Supporting local RNG production reduces the state's dependence on volatile petroleum markets. Moreover, the growth of the renewable gas industry will create **new jobs** and opportunities across Hawaii's agricultural and waste management sectors.



BANA PACIFIC INC's Commitment

At BANA PACIFIC INC, we are underway developing a facility for the production of high-quality RNG using locally sourced feedstocks, such as organic waste and agricultural byproducts. HB 342 would enable us to collaborate more closely with Hawaii Gas and scale our operations to meet growing demand for clean energy solutions.

We believe this legislation represents a **win-win** for Hawaii's environment, economy, and energy security. By passing HB 342, you will ensure that Hawaii remains a leader in renewable energy while building a more resilient and sustainable future for our communities.

Conclusion

I urge you to pass HB 342 without delay. This bill is a critical step toward unlocking the full potential of renewable gas and supporting Hawaii's transition to a clean energy economy.

Thank you for your time and consideration. Should you have any questions, I am more than happy to provide further information.

Sincerely,

George Pritchard

President & CEO

BANA PACIFIC INC



Andy Huang, Chairman – L&L Hawaiian Barbecue **Ave Kwok**, Past Chair – Jade Dynasty Seafood Restaurant
Mike Palmer, Incoming Chair – Ho'okipa Partners **Tambara Garrick**, Treasurer – Hawaii Farm Project
Victor Lim, Government Relations Lead – McDonald's | **Mail: 2909 Wai'ala'e Avenue #22, Honolulu, HI 96826**

Sheryl Matsuoka, President & CEO **Ginny Wright**, Operations Associate **Holly Kessler**, Vice President of Operations

2025

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January 27, 2025

To: Energy and Environmental Protection Committee

From: Sheryl Matsuoka, Executive Director

Subj: HB342 – Relating to Renewable Gas Tariff

HB342 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.

Sheryl Matsuoka



Andy Huang, Chairman – L&L Hawaiian Barbecue **Ave Kwok**, Past Chair – Jade Dynasty Seafood Restaurant
Mike Palmer, Incoming Chair – Ho'okipa Partners **Tambara Garrick**, Treasurer – Hawaii Farm Project
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2025

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January 27, 2025

To: Energy and Environmental Protection Committee

From: Victor Lim, Government Relations Committee Chair

Subj: HB342 – Relating to Renewable Gas Tariff

HB342 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.



Jan 28, 2025

Energy & Environmental Protection Committee
Hawaii House of Representatives
Honolulu, HI 96813

RNG Coalition testimony supporting H.B. 342: Relating to Renewable Gas Tariffs

Chair Lowen 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 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.

The voluntary nature of the renewable gas tariff program will allow environmentally conscious 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 and strengthen its energy security.

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.

Sincerely,
Yanni Psareas
Legislative Affairs Manager, Western US
Coalition for Renewable Natural Gas



Testimony to The Committee on Energy & Environmental Protection
Tuesday January 28, 2025 9:00 AM
Conference Room 325 & VIA videoconference
Hawaii State Capitol
HB 342

Chair Lowen, Vice Chair Perruso, and members of the committee,

As we work with collaborating with the stakeholders, please accept these proposed amendments for HB 342

Page 4:

Lines 1-3

(b) The renewable gas tariff shall be based on the eligible customer's net therm usage and or as otherwise determined by the public utilities commission.

Lines 4-6

(c) For the purposes of this section:

"Net therm usage" means the amount of gas a customer uses during a designated time period monthly billing cycle as measured in therm units.

Page 3

Line 15

The public utilities commission shall establish an initial or revised renewable gas tariff or tariffs no later than six months after the filing of a completed application for a proposed renewable gas tariff, the completeness of which shall be determined by the public utilities commission no later than 30 days after the application is filed ;

HB-342

Submitted on: 1/27/2025 9:17:41 AM

Testimony for EEP on 1/28/2025 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Paul Shinkawa	Individual	Support	Written Testimony Only

Comments:

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.

To the Honorable Chair and Members of the Committee:

My name is Tahan Bapna, and I am a sophomore in high school. Even as a student, I can clearly see the critical importance of HB342 in advancing Hawaii's renewable energy goals while empowering consumers to make sustainable choices. This bill represents a proactive approach to reducing Hawaii's dependence on imported fossil fuels and addressing climate change in a way that benefits both the environment and the economy.

H.B. 342 is crucial because it requires gas utility companies to establish renewable gas tariffs, creating a framework for consumers to voluntarily purchase renewable gas. This not only promotes the development of renewable energy but also gives environmentally conscious individuals and businesses the opportunity to directly support Hawaii's transition to a decarbonized energy system.

A key strength of this bill is its focus on timeliness and fairness. By requiring utilities to submit proposed renewable gas tariffs by August 31, 2025, and mandating that the Public Utilities Commission (PUC) approve these tariffs within six months, the bill ensures that Hawaii's clean energy goals remain on track. Furthermore, the bill explicitly protects other consumers from rate increases, ensuring that the renewable gas option remains voluntary and equitable.

Renewable gas, as defined in this bill, includes non-petroleum feedstocks that can significantly reduce greenhouse gas emissions when compared to conventional natural gas. This is particularly important for achieving Hawaii's ambitious climate goals, such as those set forth in the Hawaii Clean Energy Initiative. By establishing a renewable gas tariff, HB 342 helps unlock the potential of renewable resources like biogas and hydrogen, creating a cleaner, more resilient energy system for Hawaii.

As someone growing up in a state that has declared a climate emergency, I am inspired by solutions like HB342 that promote innovation and sustainability. This bill is an opportunity to align Hawaii's energy policies with its climate values, providing consumers with meaningful choices while reducing our reliance on fossil fuels.

Thank you for the opportunity to testify in strong support of this bill. I urge you to pass HB 342 and help solidify Hawaii's position as a leader in renewable energy and climate action.

Sincerely,
Tahan Bapna