

TESTIMONY OF
JAMES P. GRIFFIN, Ph.D.
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

TO THE
HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION

February 1, 2022
9:00 a.m.

Chair Lowen and Members of the Committee:

MEASURE: H.B. No. 1521

TITLE: RELATING TO ENERGY.

DESCRIPTION: Requires the public utilities commission to open one or more proceedings to consider low- and moderate-income rates, bill credits, or direct payments and whether these would be appropriate for the State; the advantages and disadvantages of rate design, program offerings, and the requirements of community benefits agreements; and other customer-centric solutions to lessen the energy burden on low- and moderate-income customers.

POSITION:

The Public Utilities Commission (“Commission”) supports this measure and offers the following comments for consideration.

COMMENTS:

The Commission appreciates the intent of this measure to explore initiatives to reduce energy insecurity and alleviate financial burdens faced by low- and moderate-income customers. The Commission has pursued measures to assist low- to moderate-income residents across various regulatory proceedings and believes that establishing one or more dedicated proceedings would help to facilitate in-depth exploration of possible programs and solutions.

The Commission notes the comments of the Department of Commerce and Consumer Affairs’ Division of Consumer Advocacy (“Consumer Advocate”), which suggest that a resolution may be more appropriate than requiring by statute that the Commission open

one or more proceedings for this purpose. The Commission will take the appropriate actions to respond to legislative guidance and ensure that the needs of low- and moderate-income residents are considered throughout its decision-making processes and that new initiatives are explored in this regard.

Thank you for the opportunity to testify on this measure.



DAVID Y. IGE
GOVERNOR

JOSH GREEN
LT. GOVERNOR

**STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Energy & Environmental Protection
Tuesday, February 1, 2022
9:00 AM
Via Videoconference**

**On the following measure:
H.B. 1521, RELATING TO ENERGY**

Chair Lowen and Members of the Committee:

My name is Dean Nishina, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Division of Consumer Advocacy. The Department supports the intent of this bill.

The purpose of this bill is to require the Public Utilities Commission (Commission) to open one or more proceedings to consider low- and moderate-income rates, bill credits, or direct payments and whether these would be appropriate for the State; the advantages and disadvantages of rate design, program offerings, and the requirements of community benefits agreements; and other customer-centric solutions to lessen the energy burden on low- and moderate-income customers.

The Department supports the intent of this measure as the Department has been, for some time, persistently raising energy equity and affordability issues in many ongoing proceedings including, but not limited to: Docket No. 2019-0323, wherein the Department made various recommendations regarding affordable, equitable, and fair rate design issues and program designs to address distributed energy resources

programs; Docket No. 2018-0088, wherein the Department made numerous recommendations regarding affordability and equity issues; and various power purchase agreements related to the impact of projects on communities.

The Department emphasizes how care must be exercised in designing special rates, bill credits, or direct payments directly – or any rate design, program offerings, or requirements for community benefits agreements indirectly – as, if not considered, these may result in cost shifts to other ratepayers as well as the situation where the intended beneficiaries could be required to contribute to the costs of such programs, where the participating target customers would benefit and the non-participating target customers could have their burden increased..

For the above reasons, the Department respectfully recommends that this committee consider the following:

- Establishing a State Low Income Home Energy Assistance Program (LIHEAP) to supplement the Federal LIHEAP. This program should be – preferably funded through measures outside of electricity rates to avoid unintended consequences on non-participating low-income customers – designed to take advantage of existing administrative processes to deliver the Federal LIHEAP benefits to low income customers. If designed properly, the State LIHEAP program could not only increase the available benefits but also expand the potential target group of beneficiaries.
- As the Department has already raised these issues for the Commission’s consideration in existing proceedings, instead of adopting a statute that requires opening a docket or dockets to consider the identified issues in this measure, a resolution could require a reporting on the Commission’s actions related to the identified concerns and/or, if the existing processes are inadequate, to require the opening of additional dockets to address the identified concerns.
- Instead of adopting a statute that requires opening a docket or dockets to consider the identified issues in this measure, adopt language in Chapter 269 to require the Commission to consider equity, affordability, fairness and the

impact of programs and projects on low-income and/or vulnerable customers. Examples of such language can be found in Colorado's SB 21-272(2021), Oregon's HB2475(2021), and Washington's SB 5116(2019), to name a few examples. This would require such considerations in all relevant future dockets.

The Department appreciates this committee's attention to this matter and respectfully offers the above comments and suggested modifications.

Thank you for the opportunity to testify on this bill.



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COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Rep. Nicole E. Lowen, Chair

Rep. Lisa Marten, Vice Chair

DATE: Tuesday, February 1, 2022

TIME: 9:00AM

HB 1521 Relating to Energy (LMI).

Support

Aloha Chair Lowen, Vice Chair Marten, 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 52 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.

One mechanism used by the public utilities commission is investigative proceedings where the Commission allows a wide variety of interests to participate in shaping programs and policies in new areas.

The bill would authorize the public utilities commission to determine what compensation is reasonable for low- and moderate-income customers that serve as geographic hosts to utility scale energy projects. If that is the way to go, then

the communities and their organizations are at the PUC table in addressing this important issue.

However, a modern grid must be break up into microgrids so that catastrophic disturbance does not knock out the entire grid. This requires that each microgrid have its own power sources.

A key area that needs its own power sources is Downtown Honolulu.

Downtown Honolulu has many places that could house large solar and battery systems: Kahala Mall, Iwilei Substation-Costco-Home Depot, Sand Island, and Ala Moana Center, to name a few.

Mahalo

Henry Curtis,
Executive Director



Email: communications@ulupono.com

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Tuesday, February 1, 2022 — 9:00 a.m.

Ulupono Initiative supports the intent of HB 1521, 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; and better management of freshwater and waste.

Ulupono supports the intent of HB 1521, which requires the Hawai'i Public Utilities Commission (Commission) to open one or more proceedings to consider (1) low- and moderate-income rates, bill credits, or direct payments and whether these would be appropriate for the State; (2) the advantages and disadvantages of rate design, program offerings, and the requirements of community benefits agreements; and (3) other customer-centric solutions to lessen the energy burden on low- and moderate-income customers.

Ulupono recognizes the need to research and review methods that expand affordable energy opportunities for all Hawai'i residents. However, as an intervenor in several open energy and electricity proceedings before the Commission, Ulupono notes these topics are being discussed by the Commission, Hawaiian Electric and involved stakeholders. Therefore, Ulupono believes it may be more beneficial for the Commission to provide the Committee with a status update on these specific topics, including but not limited to, the proceedings where these topics are being investigated, the desired outcomes for each of these topics, and the progress and/or anticipated next steps for each topic. This approach may help to assure the Committee that these topics are not being overlooked, without duplicating any efforts that are currently underway.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i



**Hawaiian
Electric**

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

HB1521

Relating to Energy

Tuesday, February 1, 2022

900 am

State Capitol, Conference Room 325

Peter Young
Director, Pricing
Hawaiian Electric Company, Inc.

Chair Lowen, Vice-Chair Marten, and Members of the Committee:

My name is Peter Young and I am testifying on behalf of Hawaiian Electric Company in support of HB 1521.

This bill establishes a regulatory process for examining energy insecurity and environmental and energy justice issues. The legislature identifies high electricity burdens for the State's low to moderate income ("LMI") families and the concentration of energy projects in communities with high electricity burdens that lack geographic hosting compensation are concerns. Hawaiian Electric agrees that these are issues that must be addressed.

While the Company supports the intent of HB1521, we note that there are existing regulatory efforts under PUC review that are already underway that address these issues in whole or in part in other regulatory dockets: the Advanced Rate Design track of DER Policies Docket No. 2019-0323 addresses rate design for all customers and specifically provides for proposed approaches to address consideration of relief for LMI customers. Hawaiian Electric expects to file a request for proposals for O'ahu

Renewable Firm Power which will include consideration of requirements for host community benefits. The Company is already addressing in the regulatory forum the important social concerns that HB1521 calls out.

The Company also expects that the further examination of these issues in these ongoing regulatory reviews will include consideration of sources of funding for any relief to be established, including existing customers, energy project developers, taxpayers, and non-government organizations, and suggest that these stakeholders provide input.

Accordingly, Hawaiian Electric supports the intent of HB 1521. Thank you for this opportunity to testify.



HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

February 1, 2022, 9:00 A.M.

Video Conference

TESTIMONY IN SUPPORT OF HB 1521

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

Blue Planet Foundation **supports HB 1521**, which requires the Public Utilities Commission to consider rates, bill credits, or direct payments to support Hawai'i's low- and moderate-income residents, and take a closer look at the requirements for community benefits agreements to address energy burden, energy insecurity, and environmental and energy justice concerns related to the siting of energy projects.

Hawai'i residents pay the highest electricity rates in the nation. According to Aloha United Way, nearly half of Hawai'i's families were living paycheck to paycheck even before the COVID-19 pandemic.¹ Reverting back to business as usual isn't enough. We need enhanced approaches that protect families by ensuring affordable monthly energy bills.

What's more, although large scale solar and wind projects are the most affordable forms of renewable energy, they have their share of drawbacks. Hawai'i is seeing increasing tension between developers seeking to build large energy projects and communities hosting the projects. For example, large solar farms compete for flat, accessible land with agricultural operations (although examples of co-siting solar and farming exist in the islands and around the globe). And some communities across our islands face an undue proportion of the impacts of energy infrastructure and climate change. These issues must be solidly addressed to enable continued progress toward carbon-free energy while also ensuring that communities are empowered in decision-making and persistent, systemic inequities do not bleed into our clean energy future.

House Bill 1521 can help ensure equitable access to our shared clean energy future. The COVID-19 pandemic has exposed the critical need for deep structural and systems changes. This moment provides an opportunity to re-boot and fix underlying inequities that have consistently left some individuals and communities behind.

Thank you for the opportunity to provide testimony.

¹ *ALICE: A Study of Financial Hardship in Hawai'i*, Aloha United Way, <https://www.auw.org/alice>.

HB-1521

Submitted on: 1/29/2022 9:32:30 AM

Testimony for EEP on 2/1/2022 9:00:00 AM

Submitted By	Organization	Testifier Position	Remote Testimony Requested
Regina Gregory	Individual	Comments	No

Comments:

Suggest the PUC review why rates are so high overall--e.g., HECO's ability to recoup 100% of all investments and the growing list of seemingly redundant additional charges.