

STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
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 Finance
Monday, February 27, 2023
11:30 a.m.
Conference Room 308

On the following measure:
H.B. 193, H.D. 1, RELATING TO ENERGY-EFFICIENCY PORTFOLIO STANDARDS

Chair Yamashita 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.

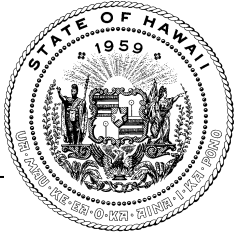
The purpose of this bill is to: (1) extend the State's energy efficiency portfolio standards from 2030 to 2045; and (2) authorize the Public Utilities Commission (Commission) to establish interim goals.

The Department supports the intent of the bill. The Department recognizes that energy efficiency can and should play in Hawaii's efforts to transition to clean energy and has advocated for greater efforts in pursuing energy efficiency measures, especially for low-income customers. Thus, the Department supports the intent to align the energy efficiency portfolio standards (EEPS) target dates with the Renewable Portfolio Standards (RPS) and establishing interim goals consistent with that alignment. The Department also supports the intent to modify the energy efficiency portfolio standards and has engaged

in discussions with other stakeholders in the technical advisory and working groups convened to discuss the work done by the Public Benefits Administrator and the vendor currently responsible for fulfilling the Public Benefits Administrator duties, Hawaii Energy, regarding possible changes to the portfolio standards. The Department believes that changes to the portfolio standards should be made in a holistic fashion to also consider other ongoing efforts. Otherwise, unintended consequences may result. For example, one of the most cost-effective energy efficiency measure is heating, ventilation, and air conditioning (HVAC) projects but if HVAC measures are pursued indiscriminately to pursue EEPS that do not consider efforts to integrate more renewable energy, it may result in exacerbating the already existing duck curve and make it harder to integrate more renewable energy.

In addition, another matter that is being discussed regarding energy efficiency is the ability for energy efficiency to address demand, rather than just kilowatt hours. Consistent with the point in the preceding paragraph, changing the EEPS to only achieve a higher level of kilowatt hours saved instead, of say, modifying the standards to target reducing coincident peak demand should be considered. In addition, the Commission has adopted performance incentives for the Hawaiian Electric Companies to pursue demand response programs, which could conflict with a statutory requirement at this time. Thus, the Department appreciates how the H.D. 1 version allows the technical advisory and working groups to continue the current discussions to develop informed proposals to further modify the EEPS to better meet customers' and grid needs.

Thank you for the opportunity to testify on this bill.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

JOSH GREEN, M.D.
GOVERNOR

MARK B. GLICK
CHIEF ENERGY OFFICER

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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
HOUSE COMMITTEE ON FINANCE

Monday, February 27, 2023
11:30 AM
State Capitol, Conference Room 308 & Videoconference

In Support of
HB 193, HD1

RELATING TO ENERGY-EFFICIENCY PORTFOLIO STANDARDS.

Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee, the Hawai'i State Energy Office (HSEO) supports HB 193, HD1, which extends the State's energy-efficiency portfolio standards (EEPS) from 2030 to 2045 and authorizes the Public Utilities Commission (PUC) to establish interim goals.

HSEO is part of the PUC's Technical Working Group of energy stakeholders that review and assess the state's progress to meeting the goals. This bill proposes that the PUC may adjust the interim goals by rule or order to maximize cost-effective energy-efficiency programs and technologies. Aligning the dates of the standards to have the same end goal date of 2045 would be consistent with other end dates of the clean energy and carbon-negative economy by 2045.

HSEO concurs that the proposed amendments are reasonable, consistent with, and in support of existing goals and strategies.

Thank you for the opportunity to testify.

OFFICE OF CLIMATE CHANGE, SUSTAINABILITY AND RESILIENCY

CITY AND COUNTY OF HONOLULU

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RICK BLANGIARDI
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MATTHEW GONSER, AICP, CFM
EXECUTIVE DIRECTOR &
CHIEF RESILIENCE OFFICER

NICOLA HEDGE
DEPUTY DIRECTOR &
DEPUTY CHIEF RESILIENCE OFFICER

MONDAY, FEBRUARY 27, 2023, 11:30 A.M.

STATE OF HAWAII
HOUSE COMMITTEE ON FINANCE

**TESTIMONY ON HOUSE BILL 193, HD1
RELATING TO ENERGY-EFFICIENCY PORTFOLIO STANDARDS**

BY,

MATTHEW GONSER
EXECUTIVE DIRECTOR AND CHIEF RESILIENCE OFFICER
OFFICE OF CLIMATE CHANGE, SUSTAINABILITY AND RESILIENCY

Dear Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

The City and County of Honolulu (“City”) Office of Climate Change, Sustainability and Resiliency (CCSR) **supports and offers a suggested amendment** to HB193 HD1, which extends the State’s energy efficiency portfolio standards from 2030 to 2045. Extending the state’s energy efficiency portfolio standards to 2045 is a much needed step to ensure continued impact of energy efficiency planning and programs, as well as create alignment with our other City and state climate targets.

As recognized in the City’s Climate Action Plan¹, energy efficiency is key to lowering the cost of utility bills for residents by reducing overall energy demand, which is also critical for achieving our established renewable energy portfolio standards and clean economy targets. Additionally, it is essential to consider energy efficiency in concert with demand response and demand flexibility, as they are closely interrelated. Demand response provides an opportunity for consumers to reduce or shift their electricity usage during peak periods. While distinct from energy efficiency, both should be considered for optimal grid results, and should therefore be counted towards our energy efficiency portfolio standards as best determined by the Public Utilities Commission.

1 City and County of Honolulu 2020-2025 Climate Action Plan, Strategy 5: Reduce Energy Demand by Increasing Energy Efficiency: <https://www.resilientoahu.org/s/2020-2025-Climate-Action-Plan.pdf#page=74>.

Chair Yamashita and Vice Chair Kitagawa
HB193 HD1
February 27, 2023
Page 2

As such, we respectfully request reinstating the following language from the original version of the bill with minor modification:

(f) Demand response programs and related activities conducted by electric utility companies, including those conducted in cooperation with the public benefits fee administrator, shall count toward these standards in a manner determined by the commission by rule or order beginning in 2023 or as soon as is practicable.

We suggest the more flexible language above “or as soon as is practicable” for inclusion of demand response programs to give the PUC and utilities adequate time to determine appropriate methods for including such programs in the standard going forward.

Thank you for the opportunity to testify in support of HB193 HD1.

HB-193-HD-1

Submitted on: 2/25/2023 7:39:51 PM

Testimony for FIN on 2/27/2023 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Ted Bohlen	Climate Protectors Hawaii	Support	Written Testimony Only

Comments:

Hawaii's energy efficiency portfolio standards save consumers money, create green jobs, and reduce environmental impacts, including greenhouse gases that are warming the planet. This bill would prevent the standards from expiring in 2030 by extending them to 2045 with an updated goal. Please pass this bill!

Mahalo!

Climate Protectors Hawaii (by Ted Bohlen)

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

TO THE
HOUSE COMMITTEE ON
FINANCE

February 27, 2023
11:30 a.m.

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

MEASURE: H.B. No. 193, HD1

TITLE: RELATING TO ENERGY EFFICIENCY PORTFOLIO STANDARDS

DESCRIPTION: Extends the State's energy-efficiency portfolio standards from 2030 to 2045. Authorizes the public utilities commission to establish interim goals. Effective 7/1/3000. (HD1)

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

COMMENTS:

The Commission thanks the Committee on Consumer Protection and Commerce for passing this measure. The Commission appreciates the intent of this measure to extend and further develop the energy-efficiency standard portfolio standard (“EEPS”) as established in Act 155, SLH 2009, and set into law as HRS §269-96. EEPS has been a successful policy for Hawaii, serving as a critical component in support of our state’s clean energy and decarbonization goals. In the near-fifteen years since establishment, the impact of the EEPS target has generated many successful energy-saving programs for Hawaii’s residents and businesses, including those offered by the Commission’s third-party administrator Hawaii Energy (the energy efficiency implementer for Hawaiian Electric Company’s customers), as well as other implementation initiatives throughout the state. The recent Market Potential Study (2020)¹ indicates that Hawaii is on track to meet and exceed the established 2030 target of 4,300 GWh of energy savings.

¹ Applied Energy Group (2020). *State of Hawaii Market Potential Study*. <https://www.hawaiiieeps.org/8-5-2020-market-potential-study-rel>

Extending the target date to 2045 would ensure continued impact of energy efficiency programming benefits, as well as aligning with our state's Renewable Energy Portfolio Standard target date. The Commission recently commenced a series of stakeholder workshops with the EEPS Technical Working Group to explore and prioritize policy objectives in consideration of the EEPS expansion initiative.

Thank you for the opportunity to testify on this measure.



Email: communications@ulupono.com

HOUSE COMMITTEE ON FINANCE
Monday, February 27, 2023 — 11:30 a.m.

Ulupono Initiative supports HB 193 HD1, Relating to Energy-Efficiency Portfolio Standards.

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 supports HB 193 HD1, which extends the State's energy-efficiency portfolio standards from 2030 to 2045 and authorizes the Public Utilities Commission to establish interim goals.

Ulupono is supportive of energy efficiency measures to lower electricity consumption across the state. As Hawai'i's electricity costs are expected to rise in the near-term¹, Ulupono sees the value of measuring and tracking energy usage as a first step to reduce energy consumption, lower overall electricity costs, and eliminate energy "waste." Hawai'i's energy issues remain increasingly complex and challenging. We appreciate the State's efforts to look at policies that reduce the overall demand, which in return will result in lower utility bills, thus mitigating the high cost of living and doing business in Hawai'i.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

¹See Hawaiian Electric Newsroom, "Driven up by Russian invasion, oil prices will push electric bills higher in coming months," March 10, 2022. <https://www.hawaiianelectric.com/driven-up-by-russian-invasion-oil-prices-will-push-electric-bills-higher-in-coming-months>



HOUSE COMMITTEE ON FINANCE

February 27, 2023, 11:30 AM

Room 308

TESTIMONY IN SUPPORT OF HB 193 HD1

Aloha Chair Yamashita, Vice Chair Kitagawa, and Committee members:

Blue Planet Foundation **supports HB 193 HD1**, which extends Hawai'i's energy-efficiency portfolio standards from 2030 to 2045.

As Hawai'i progresses toward achieving its 100% renewable energy and carbon-negative decarbonization goals, energy efficiency remains the most cost-effective way to reduce emissions associated with electricity generation and consumption, while providing financial benefits to Hawai'i residents and businesses during the transition. In 2009, the legislature codified the goals of the Hawai'i Clean Energy Initiative, which included a goal to reduce electricity use by 4,300 gigawatt-hours by 2030. This goal—known as the Energy Efficiency Portfolio Standards (or EEPS)—has helped to maximize cost-effective energy efficiency programs and technologies in the state.

Since 2009, Hawai'i has made impressive progress towards its clean energy goals and established a new mandate to achieve 100% renewable electricity by 2045 (Act 97 of 2015). Although the renewable portfolio standard was updated in 2015, there has not been an extension of the EEPS goal beyond 2030 to align with the 2045 planning target for renewable energy. Extending the EEPS goal beyond 2030 is an important step to ensure energy efficiency is factored into future grid planning efforts. The cheapest and cleanest energy is the energy that we don't use.

Although the amendments made in HB 193 HD1 removed allowing demand response programs to count towards our EEPS, Blue Planet continues to support the integration of demand response programs into Hawai'i's energy efficiency efforts. Demand response programs can help modernize the state's energy planning efforts because the time we use energy has become increasingly important as intermittent renewable energy resources, such as wind and solar, are added to our energy mix. We look forward to continuing this important discussion with the Public Utilities Commission and other energy stakeholders.

Thank you for the opportunity to testify in support of HB 193.

info@blueplanetfoundation.org

126 Queen Street, Suite 204 • Honolulu, Hawai'i 96813 • 808-954-6161 • blueplanetfoundation.org



Before the House Committee on Finance
Monday, February 27, 2023 at 11:30 a.m.

Testimony in Support of HB193 HD1: Relating to Energy-Efficiency Portfolio Standards

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

Thank you for the opportunity to testify in support and provide comments on House Bill 193 HD1.

Hawai'i Energy works to empower island families and businesses on behalf of the Hawai'i Public Utilities Commission (PUC) to make smart energy choices to reduce energy consumption, save money, and pursue a 100% clean energy future. Energy efficiency – the energy we do not use – is the cheapest option to help us achieve our 100% clean energy goal by eliminating waste and being more efficient.

Hawai'i Energy applauds the legislature's efforts to support energy efficiency's continued impact on Hawai'i's residents and businesses as an integral component of the State's Clean Energy Initiative, which calls for Hawai'i to achieve 100% clean energy by 2045.

The bill extends the target date of the energy-efficiency portfolio standard (EEPS), as established in Act 155, SLH 2009, and set into law as HRS §269-96, to 2045, which aligns EEPS with the state's Renewable Energy Portfolio Standard target date. The bill further develops EEPS to increase its cumulative energy savings goal from 4,300 GWh by 2030 to 6,000 GWh by 2045.

Already, Hawai'i Energy, along with its partners, has been able to implement enough programs and initiatives throughout the state to generate confidence that the established EEPS goal of 4,300 GWh of energy savings by 2030 is on track. The revised goal of 6,000 GWh by 2045 set forth in HB 193 HD1 reflects that confidence, and Hawai'i Energy is well positioned to continue helping the state's utility ratepayers save electricity and money as we strive for this new target together. We look forward to continuing to work with the PUC as it explores EEPS impacts on Hawai'i's ratepayers and electrical grid through stakeholder workshops.

Given Hawai'i has the highest electricity rates in the country, energy efficiency remains a highly effective avenue to deliver significant cost savings to Hawaiian families and businesses, especially during these challenging budgetary times. We appreciate the ongoing efforts by the State Legislature to ensure that energy efficiency rightly plays a crucial role in pursuing Hawai'i's 100% clean energy future.

Thank you for the opportunity to testify in support of House Bill 193 HD1.

Sincerely,
Caroline Carl
Executive Director
Hawai'i Energy



Hawaii Solar Energy Association
Serving Hawaii Since 1977

Testimony of The Hawaii Solar Energy Association (HSEA) Regarding HB193 HD1, Relating to Energy Efficiency Portfolio Standards, Before the House Committee on Finance

Monday, February 27, 2023

Aloha Chair Yamashita, Vice Chair Kitagawa, and committee members:

The Hawaii Solar Energy Association (HSEA) **supports HB193 HD1**, which extends Hawaii's Energy Efficiency Portfolio Standard (EEPS) program.

HSEA members include the majority of locally owned and operated renewable energy companies doing business in the state along with leading global cleantech manufacturers and service providers that invest and sell in our market. We employ thousands of residents in diverse green economy jobs that are innovating, designing, and building Hawaii's pathway to a renewable energy future. We advocate for policies that help Hawaii achieve critical climate and resilience goals by enabling residents and businesses to invest in and benefit from the transition to clean energy. These investments provide reliable and affordable power that reduces energy cost burden for all and contributes to Hawaii's energy security as we decarbonize our economy and electric grid.

In addition to solar PV and energy storage, HSEA members manufacture, distribute, and install highly efficient solar thermal hot water systems that contribute to Hawaii's energy efficiency programs and goals. Hawaii's EEPS and other energy efficiency programs under the leadership of the Public Utilities Commission and its third-party contractor Hawaii Energy have been highly effective in achieving their stated purpose and goals and should be extended.

Thank you for the opportunity to testify in **support of HB193 HD1**.

Sincerely,

/s/ Rocky Mould

Rocky Mould
Executive Director

HB-193-HD-1

Submitted on: 2/24/2023 6:49:42 PM

Testimony for FIN on 2/27/2023 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Douglas Perrine	Individual	Support	Written Testimony Only

Comments:

Improving energy-efficiency is the most cost-effective and easiest way to reduce our impact on the environment and climate. HB193 HD1 is a step in the right direction.

HB-193-HD-1

Submitted on: 2/25/2023 4:25:55 PM

Testimony for FIN on 2/27/2023 11:30:00 AM

Submitted By	Organization	Testifier Position	Testify
Will Caron	Individual	Support	Written Testimony Only

Comments:

Please support HB193 HD1.