

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

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIA'ĀINA



STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAI'I
DEPARTMENT OF LAND AND NATURAL RESOURCES
KA 'OIHANA KUMUWAIWAI 'ĀINA

P.O. BOX 621
HONOLULU, HAWAII 96809

DAWN N.S. CHANG
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
RYAN K.P. KANAKA'OLE
FIRST DEPUTY
DEAN D. UYENO
ACTING DEPUTY DIRECTOR - WATER
AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE
MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES
ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Testimony of
DAWN N. S. CHANG
Chairperson

Before the House Committee on
ENERGY & ENVIRONMENTAL PROTECTION

Tuesday, March 12, 2024
9:00 AM

State Capitol, Conference Room 325 & Videoconference

In consideration of
SENATE BILL 3195, SENATE DRAFT 2
RELATING TO RENEWABLE ENERGY

Senate Bill 3195, Senate Draft 2, proposes to amend the definition of “renewable energy producer” in section 171-95, Hawaii Revised Statutes (HRS) to allow renewable energy producers to sell to entities other than an electric utility company regulated under chapter 269, HRS. **The Department of Land and Natural Resources (Department) strongly supports this measure.**

As written, to be eligible for a directly negotiated lease under section 171-95, HRS, a renewable energy producer is required to sell all of the net power produced from the demised premises to an electric utility company regulated under chapter 269, HRS. The Department believes that this statute is outdated and in need of modernization. Evolving renewable energy technology now includes far more than electricity generated by solar panels and governing statutes should reflect that new reality. For example, a renewable energy project could produce energy in a form other than electricity, such as hydrogen, that would not involve the sale of electricity or “wheeling,” which testifiers have expressed concern about in prior testimony. To alleviate these concerns, the Department suggests an alternative approach to amend section 171-95, subsection (c) as follows (new language shown in bold):

SECTION 2. Section 171-95, Hawaii Revised Statutes, is amended by amending subsection (c) to read as follows:

"(c) For the purposes of this section, "renewable energy producer" means:

(1) Any producer or developer of ~~[electrical or thermal]~~ renewable energy ~~[as defined in §269-91 produced by wind, solar energy, hydropower, geothermal resources, landfill gas, waste to energy, ocean thermal energy conversion, cold seawater, wave energy, biomass, including municipal solid waste, biofuels or fuels derived from organic sources, hydrogen fuels derived primarily from renewable energy, or fuel cells where the fuel is derived primarily from renewable sources]~~ , as defined in section 269-91, that ~~[sell all of]~~ sells the net power produced from the demised premises ~~[to an electric utility company regulated under chapter 269 or that sells all of the thermal energy it produces to customers of district cooling systems; provided that up to twenty-five per cent of the power produced by a renewable energy producer and sold to the utility or to district cooling system customers may be derived from fossil fuels]~~ without utilizing another entity's power grid; provided however, nothing herein is intended to prevent a producer or developer of renewable energy to sell the net power produced utilizing another entity's power grid if approved by the Public Utilities Commission and the entity owning the power grid; ~~[or]~~

(2) Any grower or producer of plant or animal materials used primarily for the production of biofuels or other fuels; provided that nothing herein is intended to prevent the waste product or byproduct of the plant or animal material grown or produced for the production of biofuel, biogas, hydrogen, or other fuels[, ~~electrical energy, or thermal energy,~~] from being used for other useful purposes[-]; or

(3) Any producer of renewable energy, as defined in section 269-91, that uses the renewable energy to provide district heating or cooling services."

Removing the requirement that power be sold to an electric utility company would benefit the Department with greater flexibility to generate revenue to support its mission by expanding the pool of potential applicants eligible for leases via direct negotiation rather than the cumbersome and costly auction process. More importantly, the recommendations proposed above provides greater opportunity for the expansion of renewable energy production in Hawai'i.

Mahalo for the opportunity to testify on this measure.

SB-3195-SD-2

Submitted on: 3/9/2024 11:01:42 AM

Testimony for EEP on 3/12/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Kevin Moore	Department of Land and Natural Resources	Support	Remotely Via Zoom

Comments:

Written testimony from DLNR previously submitted on another Capitol account. Request for a Zoom link for additional DLNR staff testifying remotely for SB3195 SD2.

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

TO THE
HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION

Tuesday, March 12, 2024
9:00 a.m.

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

MEASURE: S.B. No. 3195, SD2

TITLE: RELATING TO RENEWABLE ENERGY.

DESCRIPTION: Amends the definition of "renewable energy producer" in section 171-95, HRS, which allows the Board of Land and Natural Resources to lease public lands to renewable energy producers without public auction, to: incorporate the definition of "renewable energy" as defined in section 269-91, HRS; repeal the requirement that the renewable energy producer sell all of the net power produced from the public land to electric utility companies regulated under chapter 269, HRS, and all of the thermal energy it produces to customers of district cooling systems; and include any provider of district heating or cooling services utilizing renewable energy. Takes effect 1/1/2060. (SD2)

POSITION:

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

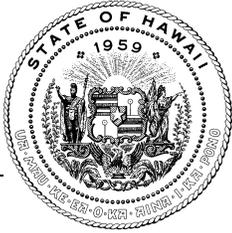
COMMENTS:

The Commission supports this measure to allow the Board of Land and Natural Resources to lease public lands to renewable energy producers. This effort should assist in expanding the market for renewable energy in order to complement the State's efforts to achieve its renewable energy goals. The Commission recognizes the potential advantages of a more diverse energy market that would promote the production of clean energy and understands that producers of renewable energy play an important role in the State's transition to renewable energy. This measure would serve to increase the number

of allowed producers and provide more flexibility and options for sellers and buyers in the renewable energy market.

The Commission observes that the measure provides consistency across statutes by aligning the definition of “renewable energy” in HRS § 171-95 with the definition in Chapter 269. The Commission notes that the two definitions are currently substantially similar and supports this modification.

Thank you for the opportunity to testify on this measure.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

235 South Beretania Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone:
Web:

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

MARK B. GLICK
CHIEF ENERGY OFFICER

(808) 451-6648
energy.hawaii.gov

Testimony of
MARK B. GLICK, Chief Energy Officer

before the
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Tuesday, March 12, 2024
9:00 AM
State Capitol, Conference Room 325 and Videoconference

In Support of
SB 3195, SD2

RELATING TO RENEWABLE ENERGY.

Chair Lowen, Vice Chair Cochran, and members of the Committee, the Hawai'i State Energy Office (HSEO) supports SB 3195, SD2. This bill proposes to revise a section of Chapter 171 of the Hawaii Revised Statutes (HRS) having to do with the process for leasing of state lands. The proposed change in HRS section 171-95 would allow for producers of renewable fuels – including hydrogen, biofuel, bio-jet, and renewable natural gas, for example, which are important forms of energy for Hawai'i – to be included in the definition of “renewable energy producer” for the purposes of leasing of State land under the purview of the Board of Land and Natural Resources. This is a companion bill to HB 2020, which was passed by this committee with amendments.

The anticipated need for renewable energy extends beyond the electricity sector. The state's decarbonization goals include the reduction in greenhouse gas emissions from fuels used in the transportation sector, utility gas, and nonregulated fuel gases.

HSEO recommends that a statement be included in Section 1 of the bill that it is not the intent of this bill to address the regulation of public utilities or the topic of wheeling. HSEO also recommends that Section 1 of the bill, and the bill description, be

simplified so that the legislative intent may be clearer. Removing some references to electricity may avoid confusion over the primary focus on renewable fuels.

HSEO agrees that the use of the renewable energy definition from HRS section 269-91, as proposed by this bill, would provide consistency in terminology and policy.

The contents of the definitions are shown side-by-side in the table below for comparison.

HRS Section 171-95(c) (existing)	From HRS Section 269-91
<p>For the purposes of this section, "renewable energy producer" means:</p> <p>(1) Any producer or developer of electrical or thermal energy produced by wind, solar energy, hydropower, geothermal resources, landfill gas, waste-to-energy, ocean thermal energy conversion, cold seawater, wave energy, biomass, including municipal solid waste, biofuels or fuels derived from organic sources, hydrogen fuels derived primarily from renewable energy, or fuel cells where the fuel is derived primarily from renewable sources that sell all of the net power produced from the demised premises to an electric utility company regulated under chapter 269 or that sells all of the thermal energy it produces to customers of district cooling systems; provided that up to twenty-five per cent of the power produced by a renewable energy producer and sold to the utility or to district cooling system customers may be derived from fossil fuels; or</p> <p>(2) Any grower or producer of plant or animal materials used primarily for the production of biofuels or other fuels; provided that nothing herein is intended to prevent the waste product or byproduct of the plant or animal material grown or produced for the production of biofuel, other fuels, electrical energy, or thermal energy, from being used for other useful purposes.</p>	<p>For the purposes of this part: "Renewable energy" means energy generated or produced using the following sources:</p> <p>(1) Wind;</p> <p>(2) The sun;</p> <p>(3) Falling water;</p> <p>(4) Biogas, including landfill and sewage-based digester gas;</p> <p>(5) Geothermal;</p> <p>(6) Ocean water, currents, and waves, including ocean thermal energy conversion;</p> <p>(7) Biomass, including biomass crops, agricultural and animal residues and wastes, and municipal solid waste and other solid waste;</p> <p>(8) Biofuels; and</p> <p>(9) Hydrogen produced from renewable energy sources.</p>

HSEO defers to the appropriate agency on the administration of this measure.

Thank you for the opportunity to testify.

HSEO's suggested revisions to Section 1 of SB 3195, SD2

SECTION 1. The legislature finds that it has established goals for the State to achieve a one hundred per cent renewable energy portfolio standard by 2045, promote the use of renewable energy sources, reduce greenhouse gas emissions to at least fifty per cent below 2005 levels by 2030, and uphold the State's zero emissions clean economy target to sequester more atmospheric carbon and greenhouse gases than emitted within the State by no later than 2045.

The legislature also finds that greenhouse gas emissions are not just the result of electricity generation, but are also the result of transportation and ~~[aviation sectors, which utilize]~~ other uses of fossil fuels. ~~[Electric vehicle targets additionally have been undermined by the fact that electric vehicles are charged by the grid, which is powered by seventy per cent fossil fuels.]~~ With the advancement of various technologies, there are now more renewable fuel options available to ~~[help facilitate the replacement of]~~ replace fossil fuels and mitigate carbon emissions ~~[, including those produced by transportation and aviation]~~. These advancements include sustainable aviation fuels and hydrogen, which can help the State reach its renewable energy goals. However, with limited land, it is difficult to advance those policies. The legislature recognizes that the State has a role to play in continuing to support ~~[the achievement of its]~~ renewable energy ~~[targets]~~.

The legislature further finds that section 171-95, Hawaii Revised Statutes, enables the board of land and natural resources to assist in the State's achievement of its renewable ~~[electricity]~~ energy and emission reduction goals, by allowing the board to lease, ~~[public lands to renewable energy producers]~~ without public auction~~[.]~~, certain public lands to public

utilities and renewable energy producers. [~~The legislature finds, however,~~] However, the legislature finds that the definition of "renewable energy producer" [~~in this section includes a requirement that the renewable energy producer sell all of the net power produced from the demised premises to electric utility companies regulated under chapter 269, Hawaii Revised Statutes, which governs the Public Utilities Commission, and all of the thermal energy it produces to customers of district cooling systems. The legislature finds that the State's quest for renewable energy goes beyond electricity and electric utilities as users of renewable energy.~~

~~Accordingly, in furtherance of the State's renewable energy goals, the purpose of this Act is to amend the definition of "renewable energy producer" in section 171-95, Hawaii Revised Statutes, to:~~

~~(1) Incorporate the definition of "renewable energy" as defined in section 269-91, Hawaii Revised Statutes, relating to the States' renewable portfolio standards;~~

~~(2) Repeal the requirement that the renewable energy producer sell all of the net power produced from the demised public land to electric utility companies regulated under chapter 269, Hawaii Revised Statutes, and all of the thermal energy it produces to customers of district cooling systems; and~~

~~(3) Include any provider of district heating or cooling services utilizing renewable energy.] could be broadened to allow more public lands to be leased for the generation of more types of renewable energy.~~

Accordingly, the purpose of this Act is to broaden the definition of "renewable energy producer" that is used to determine the board of land and natural resources' disposition of public lands to renewable energy producers.

It is not the intent of this bill to address the regulation of public utilities or the topic of wheeling.

SB-3195-SD-2

Submitted on: 3/11/2024 10:30:15 AM

Testimony for EEP on 3/12/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Russell Tsuji	Department of Land and Natural Resources	Support	Remotely Via Zoom

Comments:

Written testimony from DLNR previously submitted on another Capitol account. Request for a Zoom link for additional DLNR staff testifying remotely for SB3195 SD2.



To: The House Committee on Energy and Environmental Protection
From: Sherry Pollack, 350Hawaii.org
Date: Tuesday, March 12, 2024, 9am

In opposition to SB3195 SD2

Aloha Chair Lowen, Vice Chair Cochran, and Energy and Environmental Protection Committee members,

I am Co-Founder of the Hawaii chapter of 350.org, the largest international organization dedicated to fighting climate change. 350Hawaii.org **opposes SB3195 SD2** that amends the definition of "renewable energy producer" in section 171-95, HRS, which allows the Board of Land and Natural Resources to lease public lands to renewable energy producers without public auction, to: incorporate the definition of "renewable energy" as defined in section 269-91, HRS; repeal the requirement that the renewable energy producer sell all of the net power produced from the public land to electric utility companies regulated under chapter 269, HRS, and all of the thermal energy it produces to customers of district cooling systems; and include any provider of district heating or cooling services utilizing renewable energy.

Expanding opportunities for leasing state land without public auction is bad policy. But what is most concerning, this measure could potentially exacerbate emissions problems in our state, emissions that are currently ignored due to the state's flawed definition of "renewable energy."

While it is essential that the state quickly transition off of dirty fossil fuels, it is also essential that what we transition *to* are truly clean energy sources, sources that do not contribute to climate breakdown or local air pollution. Before expanding the definition of "renewable energy producer" and the requirement that the renewable energy producer sell all the net power produced from the demised premises to electric utility companies, we must first correct the critical errors contained within the definition of "renewable energy."

Case in point, burning biomass (typically trees) and trash incineration are considered renewable, despite that fact that these energy sources emit more harmful greenhouse gases than coal.¹ In addition, "hydrogen fuels derived primarily from renewable energy" are considered "renewable" ---*primarily* meaning also derived from fossil fuels, and ignoring the fact that hydrogen is a leaky gas that has a warming potential around 37.3 times greater than emitted CO₂ over a 20-year time period.²

Last year was the hottest year in human history, and this year is expected to be even hotter. Scientists have reported that, for the first time, global warming has exceeded the 1.5C warming "limit" across an entire year. In summary: **We are the first generation to feel the effect of climate change and the last**

¹ <https://www.energyjustice.net/files/biomass/woodybiomass.pdf> and <https://www.energyjustice.net/incineration/worsethancoal>

² <https://www.nature.com/articles/s43247-023-00857-8>

generation who can do something about it. If we don't get our act together quickly, we will leave our children and future generations a world that is increasingly unhealthy and uninhabitable. Bottom line, we must stop putting carbon into the atmosphere. But that won't happen with false climate solutions. Let's clean up our definition of 'renewable' so we can truly take the actions required in a climate crisis, and move towards a safe climate and a better future for all. Our children are counting on us.

Mahalo for the opportunity to testify.

Sherry Pollack
Co-Founder, 350Hawaii.org



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

Rep. Nicole E. Lowen, Chair
Rep. Elle Cochran, Vice Chair

DATE: Tuesday, March 12, 2024
TIME: 9:00am
PLACE: Conference Room 325

Re: SB 3195, SD2 RELATING TO RENEWABLE ENERGY. Support if Amended.

Aloha Chair Lowen, Vice Chair Cochran, 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 53 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.

Proposed Amendment: Qualifying renewable energy projects must cut life cycle greenhouse gas emissions per unit of energy produced by at least 75%.

The Problem

The threat from climate change must be dealt with aggressively. Human health and ecosystems require an immediate sharp reduction in greenhouse gas emissions.

Climate change impacts will continue to rise until we go carbon negative.

Climate change impacts can be seen in many areas from human health to changes in the global ocean conveyor belt and the polar jet stream, melting glaciers, **increasing** storm intensity, sea level rise, adverse changes in pollen (increased length, intensity, and geographic location), and the spread of invasive species.

"Global wildfires generated approximately 2 billion tonnes of carbon emissions in 2023."¹

More than two billion trees were burned in global wildfires last year.

"Globally we deforest around ten million hectares of forest every year."² "Using data from a recent study by researchers at the University of Maryland, we calculated that forest fires... accounted for more than one-quarter of all tree cover loss over the past 20 years."³ "Generally the number of trees planted per hectare will vary from 1,000 to 2,500 trees, but the number will vary hugely, depending on the species and the type of planting."⁴

The Proposed Legislation

Existing state law allows for the Board of Land and Natural Resources (BLNR) to authorize renewable energy projects on state land that sell electricity to public utilities and thermal energy to district cooling systems. The proposed bill would allow sales to other entities.

¹ Copernicus Atmosphere Monitoring Service, <https://atmosphere.copernicus.eu/2023-year-intense-global-wildfire-activity>

²

<https://ourworldindata.org/deforestation#:~:text=Globally%20we%20deforest%20around%20ten%20million%20hectares%20of%20forest%20every%20year.&text=That's%20an%20area%20the%20size,five%20million%20hectares%20each%20year>.

³ World Resources Institute, [https://www.wri.org/insights/global-trends-forest-fires#:~:text=Using%20data%20from%20a%20recent,over%20the%20past%2020%20years.citing%20Global%20Trends%20of%20Forest%20Loss%20Due%20to%20Fire%20From%202001%20to%202019%20\(2022\),%20University%20of%20Maryland%20Study,%20Frontiers%20in%20Remote%20Sensing,%20Volume%203%20-%202022,%20https://doi.org/10.3389/frsen.2022.825190;https://www.frontiersin.org/articles/10.3389/frsen.2022.825190/full](https://www.wri.org/insights/global-trends-forest-fires#:~:text=Using%20data%20from%20a%20recent,over%20the%20past%2020%20years.citing%20Global%20Trends%20of%20Forest%20Loss%20Due%20to%20Fire%20From%202001%20to%202019%20(2022),%20University%20of%20Maryland%20Study,%20Frontiers%20in%20Remote%20Sensing,%20Volume%203%20-%202022,%20https://doi.org/10.3389/frsen.2022.825190;https://www.frontiersin.org/articles/10.3389/frsen.2022.825190/full)

⁴ <https://nhsforest.org/how-many-trees-can-be-planted-hectare/#:~:text=Home%20How%20many%20trees%20per,and%20the%20type%20of%20planting>.

HRS §171-95 states, "Disposition to governments, governmental agencies, public utilities, and renewable energy producers. (a) Notwithstanding any limitations to the contrary, the board of land and natural resources may, without public auction... Lease to... public utilities, and renewable energy producers public lands for terms up to, but not in excess of, sixty-five years at such rental and on such other terms and conditions as the board may determine."

Although SB3195 SD2 stresses that this would help meet state climate goals, there is no requirement that the renewable energy project reduce greenhouse gas emissions. In fact, the project could increase greenhouse gas emissions.

This bill as drafted does not have the safeguards that exist in Public Utilities Commission (PUC) proceedings. Hu Honua Bioenergy would have produced three times as many tons of CO₂e/megawatt-hour than any fossil fuel power plant in the state. The proposed project failed because the PUC has requirements that takes lifecycle GHG into account (HRS §269-6(b)) and allow for contested case proceedings. This bill has neither.

SB3195 SD2 proposes to modify the definition of "renewable energy producer" found in HRS §171-95, without providing safeguards, to include:

- (1) Any producer or developer of renewable energy as defined in section 269-91, that sells the net power produced from the demised premises;
- (2) Any grower or producer of plant or animal materials used primarily for the production of biofuels or other fuels; provided that nothing herein is intended to prevent the waste product or byproduct of the plant or animal material grown or produced for the production of biofuel, biogas, hydrogen, or other fuels from being used for other useful purposes; or
- (3) Any provider of district heating or cooling services utilizing renewable energy.

Mahalo,
Henry Curtis
Executive Director



**Testimony to
The House Committee on Energy & Environmental Protection
March 12, 2024
9:00 AM
Conference Room 325 & VIA videoconference
Hawaii State Capitol

SB 3195 SD2**

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

Hawaii Gas **supports** SB 3195 SD2, that would revise a section of Chapter 171 of the Hawaii Revised Statutes (HRS) having to do with the process for leasing of state lands.

Since 1904, Hawaii Gas has been a pioneer in the gas industry. Hawaii Gas is again at the leading edge of our industry given our integration of both renewable natural gas (RNG) and hydrogen into our fuel supply mix and distributing it through our utility pipeline system. Hawaii Gas plays a vital role in Hawaii's energy portfolio by providing clean, reliable, and cost-effective energy to over 70,000 customers on all islands, all of whom depend on the company for water heating, cooking, drying, and other commercial and industrial applications. Hawaii Gas continues to look towards new, innovative, and economic ways to incorporate renewable energy sources while also reducing our greenhouse gas emissions.

By amending the definition of "renewable energy producer" to incorporate a broader range of renewable energy sources and removing restrictions on selling power exclusively to electric utility companies, this bill will promote innovation and investment in renewable energy solutions across various sectors including renewable natural gas and hydrogen and support the State in achieving its ambitious renewable energy goals.

We urge you to support SB 3195 SD2 , which will help accelerate Hawaii's journey towards a cleaner, more sustainable energy future.

Thank you for the opportunity to testify.



Testimony Before the House Committee on Energy & Environmental Protection

By David Bissell
President and Chief Executive Officer
Kaua'i Island Utility Cooperative
4463 Pahe'e Street, Suite 1, Lihu'e, Hawai'i, 96766-2000

Tuesday, March 12, 2024; 9:00 am
Conference Room #325 & Videoconference

Senate Bill No. 3195 SD2 - RELATING TO RENEWABLE ENERGY

To the Honorable Chair Nicole E. Lowen, Honorable Vice Chair Elle Cochran and Members of the Committee:

Kaua'i Island Utility Cooperative (KIUC) is a not-for-profit utility providing electrical service to more than 34,000 commercial and residential members.

KIUC suggests amendments to this measure.

Over the past 10 years, KIUC has significantly increased its renewable generation. In 2010, KIUC's energy mix included 10% renewable. Renewable production now stands at roughly 60%. This large growth in renewable generation is not only well-ahead of established goals, it has significantly stabilized KIUC's rates: since May 2022, KIUC has posted the lowest residential electricity rates in the state and is currently lower than rates recorded in several localities on the mainland, such as San Diego.

Rate stabilization on Kaua'i is largely attributable to KIUC securing long-term power purchase agreements for utility-scale renewable projects. Solar facilities and battery storage systems connected to utility-scale solar facilities account for roughly two-thirds of our renewable production and are among our lowest priced energy sources. We believe that utility-scale projects owned or contracted by KIUC best serve our members, as they deliver electricity at prices that smaller, privately-owned projects could not achieve.

KIUC is concerned that enactment of this measure would enable wheeling of electricity. Wheeling runs the risk of creating a "have" and "have not" system of energy service where the majority would end up paying more in utility bills for the benefit of a few. KIUC questions the need for wheeling on Kaua'i given the success of the cooperative in promoting and expanding renewable energy production. If there are good, cost-effective renewable projects that KIUC is not pursuing, we are always open to receiving developer proposals and if the project has merit, we believe the energy should be made available to the full grid and all ratepayers, not just a few.

Franchised utility companies have a duty to serve all customers, the flip side is the utility needs to have the opportunity to serve all customers to avoid subsidization. We encourage a cautious and comprehensive approach to wheeling involving any non-franchise public utility operators. It is essential that any allowed wheeling include proper costing of services from the franchise utilities, which should include consideration of potentially stranded investments.

KIUC supports the language in this bill's companion, HB2020 HD2, and suggest the following amendment to Page 5, lines 4-5:

“(3) Any provider of district heating or cooling services utilizing renewable energy; provided that energy from renewable energy producers shall not be wheeled over existing utility lines.”

Mahalo for your consideration.



**Hawaiian
Electric**

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

**SB 3195, SD2
Relating to Renewable Energy**

Tuesday, March 12, 2024
9:00 AM
State Capitol, Conference Room 325

James Abraham
Associate General Counsel
Hawaiian Electric

Dear Chair Lowen, Vice Chair Cochran, and Members of the Committee,

My name is James Abraham and I am testifying on behalf of Hawaiian Electric offering comments and proposed amendments to SB 3195, SD2, Relating to Renewable Energy.

Hawaiian Electric appreciates the intent of the bill to try to enable more renewable development on State land; however, we have concerns that the bill as written may enable the wheeling of electricity. There are important equity concerns that should be considered prior to focusing State land development for purposes of wheeling for the benefit of a few customers rather than aiding the State as a whole in achieving its renewable goals. Regulatory policies must take into account these equity considerations and establish policy and technical requirements that minimize cost shifting and consider the impacts on non-wheeling customers.

Hawaiian Electric respectfully requests that the Committee include the below amendment to the Section 2 definition of “renewable energy producer” to clarify that this bill does not enable wheeling in Hawai‘i:

Any producer or developer of renewable energy, as defined in section 269-91, that sells the net power produced from the demised premises without utilizing a regulated utility's infrastructure; provided however, nothing herein is intended to prevent a producer or developer of renewable energy to sell the net power produced utilizing another entity's infrastructure if approved by the Public Utilities Commission and the regulated utility owning and managing the infrastructure;

This language would ensure that this bill does not have the unintended consequence of enabling wheeling of electricity from projects on State land.

As currently drafted, this bill would allow State land to be developed to generate renewable energy that could be wheeled for the benefit of a private entity. By removing the limitation that renewable energy developed on State land be sold to the public utility, potential equity concerns arise as that land will no longer be available for renewable RFPs that lower costs and increase renewable energy utilization for the broader utility customer base.

We welcome continued discussion of how wheeling concepts can be adapted to fit the realities of the Hawai'i energy system, with the understanding that the Company must play a primary role in structuring such wheeling transactions to ensure safety, reliability, and financial equity. Indeed, technology and the energy market have evolved to the point where Hawaiian Electric now enables customers to enjoy many of the benefits of wheeling through existing programs such as shared solar and the Microgrid Services Tariff. We must address the State's energy future as a whole and be cautious

not to simply adopt mainland solutions ill-fit for Hawai'i, especially those used in larger grids with large manufacturing and commercial loads.

Hawaiian Electric appreciates the Committee's consideration of its comments and proposed amendments to SB 3195, SD2. Thank you for this opportunity to testify.



Environmental Caucus of
The Democratic Party of Hawai'i

Energy & Climate Action Committee

Tuesday, March 12, 2024, 9:00 pm

House Committee on Energy and Environmental Protection

SENATE BILL 3195 SD2 – RELATING TO RENEWABLE ENERGY

Position: **Opposition**

Me ke Aloha, Chair Lowen, Vice-Chair Cochrane, and members of the House Committee on Energy and Environmental Protection:

SB3195 SD2 appears to encourage flexibility in meeting the State's renewable energy goals, and to allow for reasonable alternatives in transitioning way from carbon emissions, but misunderstands the urgency and necessity of producing renewable energy in economical, truly renewable terms. It falls prey to fanciful, expensive distractions being promoted by optimistic entrepreneurs.

First, the bill wants to amend HRS § 171-95 to allow direct negotiation of lease (it currently requires auction). This is a reasonable aim under modern economics. The requirement to sell power generated on such a lease to an electric utility may also need modification, as there may be other electricity sale options.

Secondly, however, the main aim of this bill is apparently to enable the use of public lands for the questionable purpose of growing biofuels. To accomplish this, the bill imports an overly broad and entirely outdated definition of "renewable" fuels from HRS § 269-91. While scientists have been trying to correct the misunderstanding of decision-makers, this is proving difficult. In a nutshell, our urgent timeline for eliminating carbon emissions into the atmosphere must rule out the deficit between immediate pollution and the slow reabsorption of greenhouse gases by biological growth. In addition, the most common biofuels burn dirtier than coal. The only exception to eliminating biofuels from any consideration whatever is the current recycling of waste oils into new products that may include combustion fuels in the transition to modern electric transport power.

Electric transport power is increasingly available for large machinery and for marine and air transport, even while aviation biofuels purport to be an intermediate step. Hawaii cannot compete at scale for the latter in any case with our tiny landmass, so we are well advised to focus our energy security needs on imported solar and wind generators, heat pumps, building efficiency, and on intelligent conservative consumption. Our energy future requires a conversion to fully public utilities requiring urban spaces to provide energy to a resilient decentralized grid. The technology has been around for years, but our business models are still captive to profits.

Given the realities of scale, using our limited lands for extensive, doubtful "energy farms" is less strategic than engaging our ancestral intelligence to enhance the landscape capacity for urgent food security.

The Energy & Climate Action Committee enthusiastically supports a transition to truly renewable energy, featuring Hawaii's abundant sun and wind, and installing increasingly cheap and efficient battery storage. The U.S. continues to rebuild its industrial capacity, improve the efficiency of materials extraction, recycle critical materials, and restore plundered landscapes. U.S. solar, wind, and battery capacity will continue to be the cleaner, cheaper, more secure, reliable wave of the future.

We should not misuse public lands that are far more valuable for other pressing priorities such as high-occupancy housing, food security, and carbon sequestration.

Mahalo for the opportunity to address this matter.

/s/ Charley Ice, Chair, Energy and Climate Action Committee

Environmental Caucus of the Democratic Party

SB-3195-SD-2

Submitted on: 3/11/2024 9:00:24 AM

Testimony for EEP on 3/12/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Dave Mulinix	Greenpeace Hawaii	Oppose	Remotely Via Zoom

Comments:

Greenpeace Hawaii stands in opposition to SB3195 SD2 due to the states flawed defintion of renewable energy this bill could increase harmful emissions.

SB-3195-SD-2

Submitted on: 3/11/2024 1:42:40 PM

Testimony for EEP on 3/12/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Mark A. Koppel	Individual	Oppose	Written Testimony Only

Comments:

Writing in Strong Opposition to SB3195

Testimony submitted by

Mark Koppel

P O Box 283

Hakalau

Aloha honorable EEP Committee members

SB3195 SD2 has several serious errors.

1. State land is being privatized. Why? Presumably if it is public land, the state has a Public use for it.
2. The fuels listed are Not renewable. For example, biomass cuts down needed trees and Burns them, causing air pollution and added CO2. Producing 'biofuels' or hydrodrngen wastes a tremendous amount of energy.

This is what happens when you burn things:

Kauai Power Plant Fire

LIHUE, Hawaii (Island News) — Kauai fire officials say they have gotten control of a large fire that broke out at the Biomass Power Plant on Kauai.

Crews were called out to the plant around 3:30 p.m.

An image of the fire sent in to Island News showed towering flames and thick black smoke billowing out of containers at the plant.

3. The only renewable energy we need is solar and wind.

Mahalo for reading, and for the work you do to serve the public.

Mark