

**TESTIMONY OF CARLITO P. CALIBOSO  
CHAIRMAN, PUBLIC UTILITIES COMMISSION  
DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE  
HOUSE COMMITTEE ON FINANCE  
MARCH 2, 2009**

**MEASURE: H.B. No. 1843 H.D. 2**  
**TITLE: Relating to Renewable Energy**

Chair Oshiro and Members of the Committee:

**DESCRIPTION:**

This bill establishes measures to increase the production and use of renewable energy in the state.

**POSITION:**

The Public Utilities Commission ("Commission") supports the intent of this bill, but recommends that the committee revise the proposed amendment to Section 269-7.5, Hawaii Revised Statutes (Certificates of public convenience and necessity), and move it to Section 269-27.2 (Utilization of electricity generated from nonfossil fuels).

**COMMENTS:**

This version of the bill, among other things, provides that "[n]o certificate shall be issued to any applicant for the construction or operation of a new electrical generation facility that produces electrical energy solely from the combustion of any type of fossil fuel...." The Commission would not issue certificates to electrical generating facilities, but may instead issue approvals for applications to build generating facilities or approve power purchase agreements for electricity involving generating facilities. Therefore, the Commission recommends the committee add a new sub-section to Section 269-27.2 (in lieu of the proposed new sub-section to Section 269-7.5) to read as follows:

§269-\_\_\_\_\_ The commission shall not approve the construction or operation of a new electrical generation facility that produces electrical energy solely from the combustion of any type of fossil fuel; provided that, under extraordinary

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circumstances, as determined by the commission,  
an approval may be granted by the commission.

Thank you for the opportunity to testify.



# Sierra Club Hawai'i Chapter

PO Box 2577, Honolulu, HI 96803  
808.537.9019 hawaii.chapter@sierraclub.org

## HOUSE COMMITTEE ON FINANCE

March 2, 2009, 10:30 A.M.

*(Testimony is 1 page long)*

### TESTIMONY IN SUPPORT OF HB 1843 HD2

Aloha Chair Oshiro and Members of the Committee:

The Sierra Club, Hawaii Chapter, with 5500 dues paying members statewide, supports HB 1843 HD2, establishing comprehensive measures for increasing the production and use of renewable energy in the State. Hawaii's state policy should reflect our preferred choice of clean, indigenous, renewable sources of electricity. Moreover, energy efficiency -- a wonderful concept -- should be encouraged independently of our efforts to develop renewable energy.

Hawaii is the most dependent state in the nation on imported oil. Some 50 million barrels are imported annually, nearly 80% of which originate from foreign sources. In addition, over 805,000 tons of coal are imported into our state. These sources provide power for over 92% of Hawaii's electricity generation. The combustion of these resources also contributes over 23 million tons of climate changing greenhouse gas into our atmosphere annually.

Hawaii's economic, environmental, and energy security demand that we reduce the amount of fossil fuel imported and consumed in Hawaii. This bill is a solid step in that direction.

Please amend the effective date of this measure and move it forward. Thank you for this opportunity to provide testimony.

*HAWAII RENEWABLE ENERGY ALLIANCE*

46-040 Konane Place #3816, Kaneohe, HI 96744 – Telephone/FAX: 247-7753 – Email: wsb@lava.net

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TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE HAWAII  
RENEWABLE ENERGY ALLIANCE BEFORE THE  
HOUSE COMMITTEE ON FINANCE

HB 1843 HD2, RELATING TO RENEWABLE ENERGY

March 2, 2009

Chair Oshiro, Vice-Chair Lee and members of the Committee I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance (HREA). HREA is a nonprofit corporation in Hawaii, established in 1995 by a group of individuals and organizations concerned about the energy future of Hawaii. HREA's mission is to support, through education and advocacy, the use of renewables for a sustainable, energy-efficient, environmentally-friendly, economically-sound future for Hawaii. One of HREA's goals is to support appropriate policy changes in state and local government, the Public Utilities Commission and the electric utilities to encourage increased use of renewables in Hawaii.

The purpose of HB 1843 HD2 is to establish comprehensive measures for increasing the production and use of renewable energy in the State. HREA supports the intent of this bill, but **opposes** the bill as written. Specifically:

1. Changes to RPS. HREA agrees there needs to be changes to our RPS law. We support the proposed language to increase the RPS requirements to 40% by 2030, as that comports with the goals of the Hawaii Clean Energy Initiative. However, we believe additional amendments to RPS are needed in light of the Energy Efficiency Portfolio Standard ("EEPS") as proposed in HB 429. For example, in HB 1843, energy reduction measures would be deleted and appear to be in limbo (are they to be part of EEPS?);
2. DPS rather than EEPS. HREA believes a demand-side (or "demand-reduction") portfolio standard ("DPS") is a more appropriate companion to RPS. DPS would include those measures a customer could employ to "off-set a portion up to all" of his electrical load. These include the following technologies and measures, which are on the customer (or "retail"-side) of the meter:
  - a. traditional energy efficiency,
  - b. off-set renewables, and
  - c. net metered renewables; and
3. Policy Direction to the Public Utility Commission. In any case, given that the implementation issues implied in HBs 1843 and 429 are substantial, we have suggested some language on page 5 of the attachment to: (i) clarify what should be in the RPS and the EEPS or DPS or perhaps an electrical energy savings portfolio standard ("EESPS"), and (ii) direct the Commission to ensure that the amendments to RPS are aligned with the establishment of the EESPS.

Thank you for this opportunity to testify.

**Report Title:**

Renewable Energy

**description:**

Establishes comprehensive measures for increasing the production and use of renewable energy in the State. Effective 1/1/2020. (HB1843 HD2)

HOUSE OF REPRESENTATIVES  
TWENTY-FIFTH LEGISLATURE, 2009  
STATE OF HAWAII

**H.B. NO.** 1843  
H.D. 2

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## A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

PART I

RENEWABLE PORTFOLIO STANDARDS

SECTION 1. Chapter 196, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**"§196- New electrical generation facility; permit prohibition. No**  
**ate or county agency shall issue a permit to any applicant for the**  
**construction or operation of a new electrical generation facility that**  
**produces electrical energy solely from the combustion of any type of fossil**  
**fuel; provided that, under extraordinary circumstances, as determined by**  
**the commission, a certificate may be issued."**

SECTION 2. Section 269-7.5, Hawaii Revised Statutes, is amended to read as follows:

**"§269-7.5 Certificates of public convenience and necessity. (a) No**  
**public utility, as defined in section 269-1, shall commence its business**

## HREA Proposed Amendments

without first having obtained from the commission a certificate of public convenience and necessity. Applications for certificates shall be made in writing to the commission and shall comply with the requirements prescribed in the commission's rules. The application shall include the type of service to be performed, the geographical scope of the operation, the type of equipment to be employed in the service, the name of competing utilities for the proposed service, a statement of its financial ability to render the proposed service, a current financial statement of the applicant, and the rates or charges proposed to be charged including the rules governing the proposed service.

(b) If the applicant for a certificate of public convenience and necessity has any known consumers or patrons at the time of the filing of the application, the applicant shall notify these consumers or patrons of the rates and charges proposed to be established by the application; provided that:

(1) The notice shall be mailed to the last known address of the consumer or patron on file with the applicant or the applicant's affiliates; and

(2) The manner and the fact of the notification shall be reported to the commission, within seven days from the filing of the application.

(c) A certificate shall be issued to any qualified applicant, authorizing the whole or any part of the operations covered by the application, if it is found that the applicant is fit, willing, and able properly to perform the service proposed and to conform to the terms, conditions, and rules adopted by the commission, and that the proposed service is, or will be, required by the present or future public convenience and necessity; otherwise the application shall be denied. Any certificate issued shall specify the service to be rendered and there shall

## HREA Proposed Amendments

be attached to the exercise of the privileges granted by the certificate at the time of issuance and from time to time thereafter, such reasonable conditions and limitations as a public convenience and necessity may require. The reasonableness of the rates, charges, and tariff rules proposed by the applicant shall be determined by the commission during the same proceeding examining the present and future conveniences and needs of the public and qualifications of the applicant, in accordance with the standards set forth in section 269-16.

(d) No public utility that holds a franchise or charter enacted or granted by the legislative or executive authority of the State or its predecessor governments, or that has a bona fide operation as a public utility heretofore recognized by the commission, shall be required to obtain a certificate of public convenience and necessity under this section.

(e) Any certificate, upon application of the holder and at the discretion of the public utilities commission, may be amended, suspended, or revoked, in whole or in part. The commission after notice and hearing may suspend, amend, or revoke any certificate in part or in whole, if the holder is found to be in wilful violation of any of the provisions of this chapter or with any lawful order or rule of the commission adopted thereunder, or with any term, condition, or limitation of the certificate.

(f) No certificate shall be issued to any applicant for the construction or operation of a new electrical generation facility that produces electrical energy solely from the combustion of any type of fossil fuel; provided that, under extraordinary circumstances, as determined by the commission, a certificate may be issued."

HREA Proposed Amendments

SECTION 3. Section 269-91, Hawaii Revised Statutes, is amended by ending the definitions of "renewable electrical energy" and "renewable energy" to read as follows:

"Renewable electrical energy" means:

(1) Electrical energy generated using renewable energy as the source;

(2) Electrical energy savings brought about by the use of renewable displacement or off-set technologies, including solar water heating, sea-water air-conditioning district cooling systems, solar air-conditioning, and customer-sited, grid-connected renewable energy systems; provided that, beginning January 1, 2015, electrical energy savings shall not count towards renewable energy portfolio standards; or

~~[(3)]~~ Electrical energy savings brought about by the use of energy efficiency technologies, including heat pump water heating, ice storage, ratepayer-funded energy efficiency programs, and use of rejected heat from co-generation and combined heat and power systems, excluding fossil-fueled qualifying facilities that sell electricity to electric utility companies and central station power projects~~[-]; provided that beginning January 1, 2015, electrical energy savings shall not count towards renewable energy portfolio standards. Given this, the public utilities commission shall ensure that the electrical energy savings measures deleted above from the renewable energy portfolio standard are incorporated into an electrical energy savings portfolio standard as a companion to the renewable energy portfolio standard.~~

**Deleted:** Beginning January 1, 2015, electrical energy savings shall not include customer-sited grid-connected photovoltaic systems.¶

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"Renewable energy" means energy generated or produced

~~[utilizing]~~ use the following sources:

(1) Wind;

(2) The sun;

(3) Falling water;

(4) Biogas, including landfill and sewage-based digester gas;

(5) Geothermal;

(6) Ocean water, currents and waves~~[-]; including ocean thermal energy conversion;~~

(7) Biomass, including biomass crops, agricultural and animal residues and wastes, and ~~[municipal]~~ solid waste;

(8) Biofuels; and

(9) Hydrogen produced from renewable energy sources."

<Snip>



**HOUSE COMMITTEE ON FINANCE**

March 2, 2008, 10:30 A.M.

Room 308

**(Testimony is 3 pages long)**

**TESTIMONY IN STRONG SUPPORT OF HB 1843 HD2, WITH AMENDMENTS**

Chair Oshiro and members of the committee:

The Blue Planet Foundation strongly supports House Bill 1843 HD2, establishing comprehensive measures for increasing the production and use of renewable energy in Hawai'i.

Hawai'i is the most dependent state in the nation on imported oil. Some 50 million barrels are imported annually, nearly 80% of which originate from foreign sources<sup>1</sup>. In addition, over 805,000 tons of coal are imported into our state<sup>2</sup>. These sources provide power for over 92% of Hawai'i's electricity generation. The combustion of these resources also contributes over 23 million tons of climate changing greenhouse gas into our atmosphere annually<sup>3</sup>. Hawai'i's economic, environmental, and energy security demand that we reduce the amount of fossil fuel imported and consumed in Hawai'i. To that end, new policies are critically needed that will dramatically increase energy efficiency, build our smart energy infrastructure with storage, and develop clean, renewable, and indigenous energy sources

SECTIONS 1 AND 2

The first part of HB 1843 HD2 is a weak prohibition of the addition or expansion of any new fossil fuel burning facilities for electricity generation. **We respectfully ask that this committee amend HB 1843 HD2 to delete the word "solely" from page 1, line 10 and page 4, line 15.**

By including the word "solely," this measure allows a brand new coal-fired power plant to be permitted in the future as long as it burns a small percentage of biomass. This should not be the intent of this measure. To ensure that this measure produces the intended outcome—a clear policy signal that fossil fuel is not part of Hawai'i's energy future—it needs to be amended to clearly prohibit future fossil fuel facilities. **Fossil fuels are simply not part of Hawai'i's clean energy future. Hawai'i state policy should reflect our preferred energy future powered by clean, indigenous, renewable sources of electricity.**

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<sup>1</sup> The State of Hawaii Data Book, 2007

<sup>2</sup> *Ibid.*

<sup>3</sup> ICF International. Inventory of Greenhouse Gas Emissions and Sinks in Hawaii: 1990 and 2007. December 2008.

To be clear, an amended HB 1843 HD2 is not a prohibition on existing fossil fuel electricity generating facilities; it is prospective in nature, only addressing future projects. It also allows the public utilities commission to grant permits for a fossil fuel facility in extraordinary circumstances—an exemption that can be revisited by the legislature in the future as more capable storage technologies come online or indigenous biofuel sources become more readily available.

Blue Planet Foundation is committed to creating Hawaii's clean energy future. Our goal is making Hawaii's energy independent by 2020. New fossil fuel facilities play no role in Hawaii's clean energy future.

#### SECTIONS 3 AND 4

Sections 3 and 4 of HB 1843 HD2 redefines and increases Hawaii's existing renewable portfolio standards. Blue Planet strongly supports this policy in conjunction with the energy efficiency portfolio standards contemplated by another measures pending before this committee. We believe that this percentage is not only achievable, but required given the new realities of fossil fuel prices and global climate change.

The original intent of the bill that became Act 95 in 2004 was to set Hawaii's down the path of producing more renewable power. Unfortunately, the "standard" enacted falls far short. The Act left major loopholes that would allow Hawaii's utilities to meet the standards without ever siting a new renewable power facility.

While Act 95 has been called a Renewable Portfolio Standard (RPS), it would be more accurate to call it an "Efficiency Portfolio Standard." House Bill 1843 HD2 will create a true RPS to drive the state's clean energy market. While striving to increase the amount of energy conservation in Hawaii's should remain a key component to the State's energy strategy, a policy to incrementally increase the amount of clean, indigenous energy generated within the state will increase Hawaii's economic security and self-sufficiency and reduce the impact of electricity production on our environment.

A true RPS would contain the following elements:

- RPS targets must be achieved only by electricity produced from renewable energy resources, and repeal the definition of energy efficiency gains as renewable resources for the purpose of the RPS;
- Eliminate "off-ramps" for failure to meet the standards; and
- Establish penalties for utilities' non-attainment of RPS target.

**Finally, while we appreciate the increased RPS levels set by HB 1843 HD2, Blue Planet believes Hawai'i can be much more aggressive at increasing clean energy use. We suggest that HB 1843 be amended to contain the following RPS levels:**

- **20% of net electricity sales by 2015;**
- **30% by 2020;**
- **40% by 2025; and**
- **50% by 2030.**

Setting an aggressive, clear energy efficiency standard and high renewable portfolio standard will mobilize the whole state to move towards our preferred energy future.

### SECTION 6

Part 2 of HB 1843 HD2 clarifies and further defines the duties and responsibilities of the state energy office. We view this part of HB 1843 HD2 as relatively straightforward housekeeping amendments that provide more depth in defining the duties of the increasingly important energy office.

Blue Planet believes, however, that it may be time to consider elevating the level of energy planning and implementation in Hawai'i. If we are serious about ending our addiction to fossil fuel and seek to be powered by 100% clean, renewable, and indigenous sources, the government office charged with guiding the transition deserves greater standing and funding within state government. We would support the creation of a state Hawai'i Energy Security Authority (HESA), something akin to the existing Hawai'i Tourism Authority (HTA). HESA would be a stand-alone entity, tasked with all aspects of planning, permitting, and implementation of Hawaii's clean energy future. The Authority would be funded solely from a fee on each barrel of oil imported into the state; as dependency on oil decreases, so does the work of the Authority, and the budget decreases accordingly. Given Hawaii's energy independence the status, funding, and prioritization it deserves would help ensure that we achieve our clean energy goals.

Nonetheless, the simple changes in parts 2 and 3 of HB 1843 HD2 are supported as an interim step.

### SECTIONS 8, 9, AND 10

Parts 4 and 5 of HB 1843 HD2 expand the types of projects that the renewable energy facilitator is asked to address and further defines the facilitation process. Blue Planet generally supports the intent of these parts.

Thank you for the opportunity to testify.

Testimony Before the House Committee on  
Finance

By Michael V. Yamane P.E.  
Senior Electrical Engineer  
Kauai Island Utility Cooperative  
4463 Pahee Street, Suite 1, Lihue, Hawaii, 96766-2000

Monday March 2, 2009, 10:30a.m.  
Conference Room # 308

**House Bill No. 1843, H.D. 2 – Relating to Renewable Energy.**

To the Honorable Marcus Oshiro, Chair; Marilyn Lee, Vice-Chair, and Members of the Committee:

Thank you for the opportunity to testify on this measure. My name is Mike Yamane, representing Kauai Island Utility Cooperative (KIUC). I am here today to testify in support of H.B. No. 1843, H.D. 2 and would like to provide comment on the provision of the bill regarding the prohibition against the building of new generators utilizing fossil fuels.

KIUC is the only electric cooperative in the State of Hawaii, and the only electric utility serving the people on the island of Kauai. Unlike the for-profit, investor-owned, and much larger utility companies in Hawaii, KIUC is member-owned, its shareholders and ratepayers being one in the same. KIUC members elect the Board of Directors through a democratic process and this Board, along with KIUC staff, develops KIUC's Strategic Plan.

KIUC'S Strategic Plan sets forth two priorities: (1) to generate at least 50% of our electricity from renewable energy sources by 2023, a goal that will lower KIUC's greenhouse gas emissions to 1990 levels; and (2) to commit to fair and equitable rates for reliable service. As evidenced by its priorities, KIUC is committed to breaking the State's dependence on foreign oil and to taking steps to protect our environment but KIUC also needs to ensure the viability of the cooperative for the sake of its members/customers. Thus, a balance has to be struck between what would otherwise appear to be competing interests to enable actual change over time to occur.

That balance could be jeopardized if this bill contained an absolute prohibition against the building of new generators that burn fossil fuels. Reasonably, the prohibition in sections 1 and 2 of this bill does not go to that extreme.

Sections 1 and 2 prohibit the building of generators that utilize *solely* fossil fuels and provide the Public Utilities Commission with the discretion to lift the prohibition under extraordinary circumstances. This flexibility allows utilities such as KIUC to work toward increasing its renewables while still being able to ensure an adequate supply of

Testimony on H.B. No. 1843, H.D. 1

Page 2

February 17, 2009

electricity, at an affordable rate, to its members/customers. It is for these reasons KIUC supports HB 1843 H.D. 2.

Thank you for the opportunity to testify today on behalf of KIUC.



# LIFE OF THE LAND

76 North King Street, Suite 203

Honolulu, Hawai'i 96817

Phone: 533-3454; E: [henry.lifeoftheland@gmail.com](mailto:henry.lifeoftheland@gmail.com)

COMMITTEE ON FINANCE  
Rep. Marcus Oshiro, Chair  
Rep. Marilyn Lee, Vice Chair

Monday, March 02, 2009  
10:30 a.m.  
A G E N D A # 2

## **HB 1843 Renewable Energy**

## **CONCERNS**

Aloha Chair Oshiro, Vice Chair Lee and Members of the Committee,

My name is Henry Curtis and I am the Executive Director of Life of the Land, Hawai'i's own energy, environmental and community action group advocating for the people and `aina for almost four decades. 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.

Energy policy is the cornerstone of sustainability.

Many of us live in buildings with roofs which can house solar water heaters, photovoltaic panels, and micro-wind systems. Solar powered phones are around the corner.

We have a choice, building smart or building costly. Building local, small, renewable, climate friendly power where it is needed, or insisting that what we need is a billion dollar cable and to streamline oversight and regulation to make sure that electric bills continue to rise.

Unfortunately, this bill allows palm oil/diesel & coal/automobile tires power plants to be built and inter-island cable lines to be planned.