

HAWAII RENEWABLE ENERGY ALLIANCE

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

SB 1258 SD2 HD1, RELATING TO RENEWABLE ENERGY

April 6, 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 ("Commission") and the electric utilities to encourage increased use of renewables in Hawaii.

The purpose of SB 1258 SD2 HD1 are to: (i) make various revisions to renewable energy and net energy metering provisions, and (ii) encourage the development of renewable energy in Hawaii.

HREA **supports** the **intent** of this bill and offers the following comments on and proposed amendments to Part II, Section 2:

- (1) Renewable portfolio standard. We understand the RPS is to be modified in part due to the creation of an energy-efficiency portfolio standard ("EPS") a companion to our RPS law, but in the Section 1 this is not made clear. In Section 2, we believe the RPS should:
 - a. Be realigned based on the creation of the EPS (see also our testimony on SB 1173 SD2 HD1),
 - b. Focus on wholesale renewable energy supplied by Independent Power Producers, generated by the utility and certain wholesale customer-sited generators; and
 - c. Include the renewable portion of municipal solid waste.
- (2) Net Energy Metering. Per Section 7 of the bill, HREA notes that customers will have the right not only to continue existing net metering agreements, but also continue to have the right to enter into new net metering agreements, should the Commission authorize alternative payments, such as Feed-In Tariffs. Net metering is a proven program in Hawaii and should therefore be allowed to continue in support of the Hawaii Clean Energy Initiative.

With our proposed amendments in the attachment, HREA can support this bill.

Thank you for this opportunity to testify.

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PART II

RENEWABLE PORTFOLIO STANDARDS

SECTION 2. Section 269-91, Hawaii Revised Statutes, is amended to read as follows:

"§269-91 [f]Definitions.[f] For the purposes of this [f]part[f]:

"Biofuels" means liquid or gaseous fuels produced from organic sources such as biomass crops, agricultural residues and oil crops, such as palm oil, canola oil, soybean oil, waste cooking oil, grease, and food wastes, animal residues and wastes, and sewage and landfill wastes.

"Cost-effective" means the ability to produce or purchase electric energy or firm capacity, or both, from renewable energy resources at or below avoided costs consistent with the methodology set by the public utilities commission in accordance with section 269-27.2.

"Electric utility company" means a public utility as defined under section 269-1, for the production, conveyance, transmission, delivery, or furnishing of power.

"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,

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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. Beginning January 1, 2015, electrical energy savings shall not include customer-sited grid-connected renewable systems which provide wholesale power to the utility under a Feed-In Tariff or other contractual arrangement.

Deleted: photovoltaic

"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, including

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the renewable fraction of and municipal solid waste facilities;

- (8) Biofuels; and
- (9) Hydrogen produced from renewable energy sources.

"Renewable portfolio standard" means the percentage of electrical energy sales that is represented by renewable electrical energy."

<Snip>

SECTION 7. Section 269-110, Hawaii Revised Statutes, is amended to read as follows:

"~~§269-110 [Termination by eligible customer-generators.]~~ Eligible customer-generators; termination; alternative credits or compensation mechanisms. (a) If an eligible customer-generator terminates the customer relationship with the electric utility, the electric utility shall reconcile the eligible customer-generator's consumption and production of electricity, including any unused credits for excess electricity from the eligible customer-generator carried over from prior months, for the period following the last twelve-month reconciliation period to the date of termination of the relationship, according to the requirements set forth in this part.

(b) If the public utilities commission, at any time, establishes alternative mechanisms for crediting or otherwise compensating eligible customer-generators for exported power, eligible customer-generators with existing net energy metering contracts shall have the option of maintaining these existing or entering into new net energy metering contracts rather than being limited to converting to new alternative credits or compensation mechanisms."