

TESTIMONY OF CARLITO P. CALIBOSO
CHAIRMAN, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
HOUSE COMMITTEES ON ENERGY & ENVIRONMENTAL PROTECTION AND WATER
LAND & OCEAN RESOURCES

MARCH 17, 2009

Bill No. 287

Support Y N

Date 3/16/09

Time 1421

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Type 1 2 WI

MEASURE: S.B. No. 287 S.D.2
TITLE: Relating to Energy

Chairs Morita, and Members of the Committee:

DESCRIPTION:

This bill proposes to amend chapter 201N, Hawaii Revised Statutes ("HRS"), establish a geothermal energy pilot program on Hawaii Island, to maximize and expand the use of geothermal energy sources. In addition, this bill amends chapter 269, HRS, to give authority to the Public Utilities Commission ("Commission") to direct the public utilities supplying electricity on Hawaii Island to acquire electricity generated from geothermal sources at the maximum capacity available, and also requires the Commission to assist energy resources coordinator in developing reasonable guidelines and timetables for the creation and implementation of power purchase agreements.

POSITION:

The Commission appreciates the intent of this bill; however, the Commission would recommend that the proposed amendment to the existing HRS section 269-27.2(b) (Page 3, lines 16 – 18) be deleted, as it narrows the Commission's authority to direct the use of renewable energy generations to situations where the county does not require maximum geothermal energy production.

COMMENTS:

- The proposed amendment to the existing HRS Section 269-27.2(b) is not necessary if the new HRS Section 269-27.2(b) is inserted. More importantly, the proposed amendment to the existing HRS Section 269-27.2(b) actually narrows the Commission's authority to direct the use of renewable energy generation to situations where the county does not require maximum geothermal energy production. The Commission believes that this is counterproductive and Section 269-27.2(b) **should not** be amended as proposed.

Thank you for the opportunity to testify.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
And
HOUSE COMMITTEE ON WATER, LAND, & OCEAN RESOURCES
Tuesday March 17, 2009
9:00 A.M.
State Capitol, Conference Room 325

Bill No. 287
Support Y N
Date 3/16/09
Time 1440
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in consideration of
SB 287 SD2
RELATING TO ENERGY.

Good morning, Chairs Morita and Ito, Vice Chairs Coffman and Har, and Members of the Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) has strong concerns regarding SB 287 SD2 which seeks to maximize the use of geothermal energy on the island of Hawaii to reduce reliance on imported fossil fuels and to achieve energy self-sufficiency by no later than January 1, 2020. Requiring the Energy Resources Coordinator to establish a pilot program solely focused on the development of the infrastructure and workforce for only one renewable energy resource, geothermal energy, without program funding for additional resources would distract the time and attention of the ERC's very limited energy staff necessary in implementing the many HCEI's transformational plans and programs that would effectively effect the intent of this bill.

This bill requires the Energy Resources Coordinator to establish a pilot program by July 1, 2009 to develop geothermal infrastructure and sufficient workforce within the County of Hawaii, and for such pilot program to terminate by December 2019. The bill also provides that the Public Utilities Commission may direct the utility serving the County of Hawaii to purchase the maximum electric capacity generated from the geothermal sources; and requires the Public Utilities Commission to develop reasonable guidelines and timetable for developing and implementing power purchase agreements.

While DBEDT supports the intent of the pilot program to accelerate the County of Hawaii's achievement of energy security and independence, we believe that the integrated, comprehensive State-wide approach to developing a renewable energy economy, as envisioned and planned and being implemented by the Hawaii Clean Energy Initiative (HCEI), will enable the quickest and most effective pathway to achieve this enormously important shared objective.

HCEI is a long-term partnership between the State of Hawaii and the U.S. Department of Energy (USDOE) launched in January 2008, to develop and implement plans, programs, and policy initiatives including changes to the regulatory framework that are necessary for and contributing to the achievement of the HCEI's goal to transition the State of Hawaii's energy sector to 70% renewable energy sources by 2030. Under the auspices of the HCEI, the State and the HECO companies entered into an Energy Agreement in October 2008 that provides a decisive pathway towards the increased use of renewable energy resources in the utilities' generation portfolio which includes not only increased energy from geothermal resources, but also increased energy from wind, solar, bio-fuels, and customer-sited renewable energy technologies and resources, as well as increased energy efficiency. DBEDT believes that the HCEI plans, programs, and activities will more effectively achieve the intent of this bill.

DBEDT strongly supports the requirement for the Public Utilities Commission to develop guidelines and timetable for developing purchase power agreements not only for geothermal energy resources but for all commercially available and cost effective renewable energy resources.

Thank you for the opportunity to testify.



Sierra Club Hawai'i Chapter

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Bill No. 287

Support Y N

Date 3/16/09

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**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
HOUSE COMMITTEE ON WATER, LAND, & OCEAN RESOURCES**

March 17, 2009, 9:00 A.M.

(Testimony is 1 page long)

TESTIMONY OPPOSING SB 287, SD2

Aloha Chair Morita, Chair Ito, and Members of the Committees:

The Sierra Club, Hawai'i Chapter, with 5500 dues paying members statewide, opposes SB 287 SD2, requiring maximum use of geothermal energy on the island of Hawai'i.

While the Sierra Club supports the concept of geothermal energy, it is our belief that the State cannot "mandate" the maximum usage of geothermal without engaging in full and open discussion with with Hawaiian cultural practitioners and other interested community groups. This bill would be putting the horse before the cart.

Thank you for the opportunity to testify.