

Bill No. SB 2488

Testimony Before the House Committee on
Energy & Environmental Protection

By: Michael V. Yamane, P.E.
Engineering Manager
Kauai Island Utility Cooperative
4463 Pahee Street, Suite 1, Lihue, Hawaii, 96766-2000

Date 3/15

Time 9:11

Cat AF AS AX (B)

Type (1) 2 WI

Tuesday, March 16, 2010, 10:00am
Conference Room # 325

Senate Bill No. 2488, S.D. 2 – Relating to Renewable Energy

To the Honorable Hermina M. Morita, Chair; Denny Coffman, 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 on S. B. No. 2488, S.D. 2, Relating to Renewable Energy.

KIUC acknowledges and commends the Legislature's desire to maximize the effectiveness of incentives to promote and, when practical, increase the role of renewable generation. However, KIUC respectfully opposes S.B. No. 2488, S.D. 2 for several reasons.

The removal of the capacity limit and increasing the eligible capacity amount to two megawatts is of particular concern to KIUC because of its electric cooperative structure. Unlike investor-owned or for-profit corporations, cooperatives are non-profit and member-run, in which the customers and the members/owners of KIUC are essentially one in the same. As a cooperative, KIUC is committed to fair and equitable rates for all of its members/customers.

Net energy metering, or NEM, creates a situation in which KIUC's members/customers are required to in effect subsidize the NEM customer. NEM customers may offset energy consumption with energy produced during different time periods which would give rise to a mismatch in pricing signals. In addition, for the energy provided to KIUC by a NEM customer, the NEM customer is credited, or in effect paid, by KIUC at KIUC's full retail price (in other words, at the same retail rate that KIUC charges its customers for the energy it provides). This in effect results in KIUC's other members/customers paying, or subsidizing, that NEM customer for KIUC's unrecovered cost of service related to non-generation investments and operations. By removing the capacity limit for NEM and increasing eligible customer-generator capacity, the potential for the mismatch in pricing signals and unfair subsidies would increase.

KIUC contends that the current NEM law, without the amendments proposed in this bill, already provides for the flexibility that this bill arguably establishes. The Hawaii Public

Utilities Commission ("Commission") already has the authority to adjust the NEM Limits and even to waive these limitations as they deem appropriate.

Case in point, the Commission has already addressed the issue of NEM Limits as it relates to KIUC in Docket No. 2006-0084. In this docket, KIUC diligently worked with the Commission, the Consumer Advocate, Hawaii Solar Energy Association ("HSEA"), and Hawaii Renewable Energy Association ("HREA") to develop reasonable and appropriate NEM limits and a process of considering future increases for the island of Kauai, particularly in light of KIUC's unique, electric cooperative structure.

The fifteen percent feeder penetration technical requirement is but one of many technical screens that KIUC's Tariff 2 Interconnection Policies and Procedures looks at to assure KIUC's existing members reliability are not adversely affected by the interconnection. KIUC's Tariff 2 specifies the interconnecting facilities obligation as well as KIUC's obligation with time frame and criteria on when and what kind of studies are required. To include any legislation on technical requirements would be detrimental to the reliability and safety of our existing members.

In light of the foregoing, KIUC respectfully requests that this bill be held and that any future changes or adjustments to NEM limits remain with the Commission to determine and adjust on a case-by-case and utility-by-utility basis. Thank you for the opportunity to testify today on behalf of KIUC.