

**LATE**

**Hawaii Solar Energy Association**  
*Serving Hawaii Since 1977*

February 24, 2011  
9:00AM

**SENATE**  
**COMMITTEE ON ENERGY AND ENVIRONMENT**  
**Hawaii Solar Energy Association**  
*Serving Hawaii Since 1977*

Mark Duda  
President

**TESTIMONY IN SUPPORT WITH COMMENTS**

Aloha Chair Gabbard, Vice Chair English, and Members of the Committee:

This measure addresses a small but critical oversight in the structure of the feed-in tariff contracts of HECO, MECO, and HELCO that is inadvertently undermining the program, and for which there is no scheduled remedy in PUC proceedings. Specifically, the contract requires developers to elect between the refundable and non-refundable versions of the tax credits available under Section 235-12.5 (ie, the Renewable Energy Technologies Income Tax Credit) *prior* to placing the project in service. Because tax filings can only occur *after* a project is placed in service, there is a sort of Catch 22 in the contract. This situation affects most of the megawatts of feed-in tariff projects under development.

HSEA understands that SB 1366 is designed to address this problem and as a timely solution to a real and challenging problem HSEA supports it. HSEA has, however, been in discussions with the HECO Companies about a filing with the Public Utilities Commission that, if successful, would remedy the problem, and, potentially, do so more efficiently than legislation. HSEA's understanding is that the HECO Companies have not yet submitted their proposed revisions but suggest that, to the extent possible, the Committee defer decision making on this measure until it has been better established that (a) the Companies have indeed submitted appropriate revisions to the Commission and (b) that the Commission intends to act on them in a timely manner. HSEA's understanding is that both could be determined over the course of roughly one week.

Thank you for the opportunity to testify on this measure.

Mark Duda  
President, Hawaii Solar Energy Association

**About Hawaii Solar Energy Association**

*Hawaii Solar Energy Association (HSEA) is comprised of installers, distributors, manufacturers and financiers of solar energy systems, both hot water and PV, most of which are Hawaii based, owned and operated. Our primary goals are: (1) to further solar energy and related arts, sciences and technologies with concern for the ecologic, social and economic fabric of the area; (2) to encourage the widespread utilization of solar equipment as a means of lowering the cost of energy to the American public, to help stabilize our economy, to develop independence from fossil fuel and thereby reduce carbon emissions that contribute to climate change; (3) to establish, foster and advance the usefulness of the members, and their various products and services related to the economic applications of the conversion of solar energy for various useful purposes; and (4) to cooperate in, and contribute toward, the enhancement of widespread understanding of the various applications of solar energy conversion in order to increase their usefulness to society.*