

HB2291, HD2

LATE TESTIMONY

LATE



March 17, 2016

Senator Lorraine R. Inouye, Chair
Senator Mike Gabbard, Vice Chair
Senate Committee on Transportation and Energy

Senator Rosalyn H. Baker, Chair
Senator Michelle N. Kidani, Vice Chair
Senate Committee on Consumer Protection and Health

Comments and Opposition to HB 2291, HD2 Relating to Renewable Energy. (Amends the "renewable portfolio standard" definition to more accurately reflect the amount of renewable energy generation in Hawaii by basing the renewable portfolio standard calculation on electrical energy *generation* as opposed to electrical energy *sales*.)

TRE/CPH Hearing: Friday, March 18, 2016, 9:45 a.m., in Conf. Rm. 229

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. One of LURF's missions is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources and public health and safety.

LURF supports the general intent of this bill, which is the clarification of the definition of "*Renewable Portfolio Standard*" (RPS) to more accurately reflect the amount of renewable energy generation in Hawaii, by changing the definition of RPS and basing the calculation of RPS on electrical energy generation, instead of electrical energy sales. Under the circumstances, however, LURF must **oppose this HB 2291, HD2 version**, because, among other things, this measure:

- 1. Fails to establish clear, enforceable and unambiguous standards, particularly in calculating and reporting the annual renewable "electrical energy generation" and usage amounts.** The testimony of the Public Utilities Commission (PUC), College of Social Sciences Hawaii Energy Policy Forum, University of Hawaii at Manoa (UH Energy Policy Forum), Hawaiian Electric Company, Maui Electric and Hawaii Electric Light (Hawaiian Electric Companies), Blue Planet Foundation (Blue Planet) and the Hawaii Solar Energy Association have highlighted the lack of clarity and ambiguous terms relating to this bill.

One major example of the lack of clarity - the HD2 version of this bill proposes to change only **two words** of the current law, however, Blue Planet has exposed the lack of clarity of this bill by proposing amendment changes totaling 117 words for “clarity” and “housekeeping” purposes.

2. **Will result in incomplete, inaccurate and misleading information by disregarding the huge “loophole” for large commercial facilities (hotels, schools, hospitals, government entities, etc.) who generate energy from fossil fuels, powergrids and/or combined heat and power (CHP) units without any oversight or accountability.** As confirmed by the Hawaii Lodging & Tourism Association, Hawaii’s current laws allow large commercial customer facilities (hotels, schools, hospitals, government entities, etc.) to generate their own energy from fossil fuels, powergrids and/or combined heat and power (CHP) units.

Under the RPS law, the electric utilities are held accountable to achieve the RPS, however, according to Hawaiian Electric Companies, the electric utilities do not have any control over these large commercial customers who can create their own non-renewable energy without any oversight or accountability.

As long as these large commercial customers have this “loophole,” authority for unlimited expansion of electric generation from fossil fuels, microgrids and/or CHP, it seems that it will be impossible for electric utilities to achieve the State’s goal of 100% RPS; and it would be unfair and unreasonable for State law to hold the electric utilities responsible for energy generation by the large commercial customers, which they cannot control.

Also, paraphrasing the testimony of Hawaiian Electric Companies - *When these large commercial customer facilities “ramp-up” and generate their own huge loads of energy (using fossil fuels, microgrids and/or combined heat and power units, etc.), the RPS actually decreases, rather than increases!* Not being an energy expert, LURF is not certain, so perhaps your Committees may want to ask the Administration and DBEDT and Blue Planet if that is true.

If that is true, this bill is truly flawed, because it does not fully consider the effect on RPS and the State’s Clean Energy Goals relating to the energy generation by large commercial customer facilities who are allowed to generate quantities of their own electricity with fossil fuels, microgrids and/or combined heat and power units, etc.

3. **Fails to make corresponding adjustments to the RPS targets, which will result in incorrect and misleading statistics and reports.** This measure changes the RPS definition and methodology (from “sales” to “generation”), but fails to make corresponding adjustments to the RPS targets to account for the changes in methodology.

4. **Lacks support of the State's renewable energy stakeholders – It's one "hot mess."** A majority of the renewable energy stakeholders and interested individuals have either "flip-flopped" regarding versions of this bill, objected to, criticized, or requested revisions, or suggested the postponement of the change of the RPS definition. A majority of the renewable energy stakeholders do not agree on the current language of the bill, and have either objected to, "flip-flopped" their positions on revisions to the bill, criticized, drafted or requested revisions, or suggested the postponement of the definition change proposed by this the bill.
5. **Involves RPS issues and consequences which are too complex and technical to resolve during this legislative session.** The "flip-flopping," objections, criticisms, proposed amendments and suggestions to postpone changes to the RPS issues, are proof that technical RPS issues are best investigated, evaluated and recommended by the PUC in a collaborative effort with DBEDT, utility companies, energy producers and other stakeholders.
6. **The current bill misleads the public.** This bill has misled the public into the false belief that *100% of Hawaii's future energy will be from renewable sources.* The truth is that Hawaii's current laws allow large commercial customer facilities to continue to generate their own energy from fossil fuels, etc.
7. **The proposed RPS definition change is not urgent.** As mentioned sin the testimony of the PUC, UH Energy Policy Forum, Hawaiian Electric Companies, Blue Planet and LURF, there is no timing deadline or urgent reason to pass the proposed definition change this year.
8. **The PUC is open to further collaboration on RPS issues and this measure.** In its testimony, the PUC has expressed a willingness to collaborate with DBEDT, the electrical utilities and other stakeholders about the definition of "RPS" and "electrical energy generation;" and to clarify how those terms would be calculated and reported.

Conclusion and Recommendation. Based on the above, it is abundantly clear that the issues and concerns related to this bill are very technical and complicated, there is no time urgency to amend the RPS definition, and the PUC, DBEDT and a number of the major stakeholders are willing to work further on the issues raised by this bill.

Under the circumstances, LURF respectfully recommends that your Committees should ***either defer HB 2291, HD2, or amend this measure***, by deleting the new proposed definition; and instead, directing DBEDT to convene stakeholders to review the current practice of calculating renewable generation and to develop a consensus position on the methodology to calculate the annual renewable generation/usage amounts in relation to the RPS. LURF agrees with the UH Hawaii Energy Policy Forum that this would be the most efficient and productive forum for discussion; and findings and recommendations can be reported to the Legislature for action in the 2017 legislative session.

Thank you for the opportunity to present testimony **in opposition to HB 2291, HD2.**

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WAIPAHU, HAWAII
96797-0967

STREET
4-487 AKOKI STREET,
WAIPAHU, HAWAII 96797

P 808.847.4666
F 808.440.1198
E INFO@BIAHAWAII.ORG

WWW.BIAHAWAII.ORG

Testimony to the Senate Committees on Transportation and Energy, and Commerce, Consumer Protection, and Health Friday, March 18, 2016 9:45 a.m. State Capitol - Conference Room 229

RE: HOUSE BILL NO. 2291 HD 2, RELATING TO RENEWABLE ENERGY

Chairs Inouye and Baker, and Vice Chairs Gabbard and Kidani, and members of the committees:

My name is Gladys Marrone, Chief Executive Officer for the Building Industry Association of Hawaii (BIA-Hawaii), the Voice of the Construction Industry. We promote our members through advocacy and education, and provide community outreach programs to enhance the quality of life for the people of Hawaii. BIA-Hawaii is a not-for-profit professional trade organization chartered in 1955, and affiliated with the National Association of Home Builders.

BIA-HAWAII **opposes** H.B. 2291 H.D. 2, as written. This current version amends the "renewable portfolio standard (RPS)" definition to more accurately reflect the amount of renewable energy generation in Hawaii by basing the renewable portfolio standard calculation on electrical energy generation as opposed to electrical energy sales.

We understand that the current methods used to calculate the RPS can result in over-reporting because it allows "double" benefit for customer renewables.

The current version of this bill attempts to fix the math, but it would put the electric utility in the impossible situation of never achieving the state's goal of 100% RPS as long as any customers are using fossil fuel to produce their own electricity. This is because customer electricity generation is included in the RPS, but the electric utility has no authority to prevent customers from using fossil fueled generators.

Imposing renewable requirements on all customer generators is the right thing to do if the State of Hawaii is truly committed to getting off of fossil fuels. Allowing large customers to go off on their own and use fossil fueled generators may also harm other customers from the standpoint of losing customer load and cost shifting. We believe that the utility company and their large customers, need to work in synch with the entire system if the State is going to achieve 100% RPS for the State while lowering costs for all customers.

Fixing the method to calculate the current RPS makes sense, but it must also align with public policy and be fairly applied. If the state is truly committed to moving off of fossil fuels for all electricity generation by 2045, then this bill should be amended to address these concerns. Alternatively, it should be held in committee so that the stakeholders can resolve these issues and revisit this measure in the next legislative session.

Thank you for the opportunity to express our views on this matter.

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Kaala Coleman

From: Janet Pappas <jpappas60@gmail.com>
Sent: Thursday, March 17, 2016 11:42 PM
To: TRE Testimony
Subject: Support for HB2291 with amendments

March 17, 2016

Testimony for HB2291 HD2

Dear TRE and CPH Committee members,

I strongly support Hawaii's goal of 100% renewable energy by 2045. And, along with Blue Planet Hawaii and others, I want the accounting process to accurately reflect when renewables are being used. It makes no sense to claim we are using 100% renewable energy unless the grid's energy is truly being sourced from 100% renewables. Double counting some installations should also not be allowed.

Please support a version of HB2291 having the proper accounting calculations in place.

Thank you the opportunity to testify.

Sincerely,

Jan Pappas

Aiea, HI 96701

LATE

Kaala Coleman

From: Calley O'Neill <calley@kona.net>
Sent: Thursday, March 17, 2016 7:16 PM
To: TRE Testimony
Subject: Ohana testimony supporting HB 2291

Senate Transportation & Energy Committee
Friday, March 18, 9:45am
Testimony in support of HB 2291 HD2

Aloha from Waimea on the Big Island to Chairs Inouye and Baker and members of the committees:

My family and I strongly support House Bill 2291, insisting that 100% renewable means 100%. Last year, Hawaii was recognized across the globe for its commitment to a 100% clean energy future. We must make sure we are honest with how we achieve this goal. HB 2291 corrects the method for calculating our renewable energy percentage to make sure we stay on track.

The bill before you should be amended, however, to require that all powerplants—not just those that the utility owns—comply with Hawaii's renewable energy targets. A previous draft of this bill, HB 2291 HD1, contained such language, ensuring that all "grid-connected energy systems" are included in the calculation of the overall renewable energy percentage. This version has the support of the State, the Public Utilities Commission, and other stakeholders.

We are sincerely asking you to please pass an amended HB 2291 with language that ensures "100% means 100%" and we will be watching the votes.

Aloha,

Calley O'Neill, Noa Eads, Leianna Eads, Malekina Martin

Calley O'Neill
PO Box 6571
Kamuela, Hawai'i 96743
808-885-0609

www.CalleyONeill.com

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