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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Consumer Protection & Commerce
Thursday, April 13, 2023
2:15 p.m.
Conference Room 329**

On the following measure:

S.C.R. 147, S.D. 1, REQUESTING THE PUBLIC UTILITIES COMMISSION TO REVISE CURRENT RATE STRUCTURES AND PROVIDE ADDITIONAL BENEFITS FOR THOSE COMMUNITIES THAT HOST RENEWABLE ENERGY PROJECTS

Chair Nakashima and Members of the Committee:

My name is Dean Nishina, and I am the Acting Executive Director for the Department of Commerce and Consumer Affairs' (Department) Division of Consumer Advocacy. The Department provides comments on this resolution.

The purpose of this resolution is to request the Public Utilities Commission (Commission) to revise current rate structures and provide additional benefits for those communities that host renewable energy projects.

As noted in the resolution, the State's growing need for sources of clean energy to satisfy its mandated renewable energy and carbon emission goals "accelerated the development and construction of different renewable energy projects in more locations" throughout the State. The Department recognizes that there have been communities that expressed concerns and/or opposed the siting of renewable energy projects in their neighborhoods. The Department also recognizes that there have been inconsistent

approaches to addressing those concerns and/or opposition. Thus, we support the intent of the resolution, which is to address host community concerns.

The Department has been offering various recommendations in different proceedings to encourage more dialog with potential host communities and the Commission has taken note of the need to address the impacts on potential host communities. To that end, the Commission has adopted comments from other stakeholders as well and has recently adopted a condition as part of the request for proposal (RFP) process where proposals must include a community benefits package. Since this was only recently adopted in the most recent RFP, the benefits of this requirement have not yet been able to be evaluated. The Commission has, however, taken a significant step to address host community concerns.

In addition, related to the issues in this resolution, the Commission in December 2022, started a new proceeding (Docket No. 2022-0250) to address energy equity issues. In opening this proceeding, the Commission noted its desire to investigate how to better integrate equity and justice considerations across Commission proceedings and the Commission's work more broadly, including in its role overseeing and regulating the functions of public utilities. Among the issues intended to be addressed in this proceeding is environmental equity, which includes looking at the issues related to the placement of utility infrastructure in certain communities and how to address those issues. This proceeding has recently opened for any interested persons to intervene as a party or to participate, and no deadline for involvement was announced. While still in the early phase, to date, two meetings in the docket were held in early March and the Commission stated plans for much more to come. The Department believes that work in this docket can address the concerns expressed in this resolution, and our work and involvement in Docket No. 2022-0250 will be towards those goals.

Thank you for the opportunity to testify on this resolution.

TESTIMONY OF
LEODOLOFF R. ASUNCION, JR.
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

TO THE
HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE

April 13, 2023
2:15 p.m.

Chair Nakashima, Vice Chair Sayama, and Members of the Committee:

MEASURE: S.C.R. No. 147, SD1

TITLE: REQUESTING THE PUBLIC UTILITIES COMMISSION TO REVISE CURRENT RATE STRUCTURES AND PROVIDE ADDITIONAL BENEFITS FOR THOSE COMMUNITIES THAT HOST RENEWABLE ENERGY PROJECTS.

POSITION:

The Public Utilities Commission (“Commission”) offers the following comments for consideration.

COMMENTS:

The Commission appreciates the intent of this measure to revise current rate structures so as to provide additional benefits for certain communities that host renewable energy projects.

By Order No. 38759 issued on December 13, 2022, the Commission opened an investigation into energy equity in Docket No. 2022-0250 (“Equity Docket”). The Equity Docket, in part, was opened to address H.R. No. 43 House Draft 1 (2022), S.R. No. 43 Senate Draft 1 (2022), and S.C.R. No. 48 Senate Draft 1 (2022), all adopted by the Thirty-First Legislature of the State of Hawaii. Specifically, the resolutions referenced above cite benefits requested for geographic host communities of renewable energy projects.

It should be noted that, in the past, the Commission examined the potential application of preferential rates, in the application for the Campbell Industrial Park generation station (Docket No. 05-0146, Order No. 23514, filed June 27, 2007), and the Commission cautioned that preferential rates are not guaranteed to be included in any final approval. Notably, the Commission, in Order No. 23514, found that the proposed Residential Rate Reduction Program's amount, duration, and geographic boundary was arbitrary. The Commission further opined that any such program proposed by the utility would be required to demonstrate reasonableness and cost effectiveness.

As an initial step to address energy equity, the Commission, by Order No. 38479 issued on June 30, 2022 in Docket No. 2017-0352, require a minimum \$3,000 per megawatt per year (in operation) community benefit package from all final projects awarded through the Stage 3 Request for Proposals to be donated to specific needs identified by the Host Community or to a 501(c)(3) not-for-profit community-based organization(s) to directly address Host Community identified needs.¹ The Commission also participated in an external program to better understand renewable energy community benefits packages, as seen in Ulupono Initiative's Participatory Budgeting Project.²

The Commission has posted, and will continue to post key information and all events related to the Equity Docket on its energy equity web page <https://puc.hawaii.gov/energy/equity/>. Additionally, the Commission intends to investigate avenues for energy equity, including those identified in SCR147, within the Equity Docket and other proceedings as necessary. Should the Legislature wish to participate, or otherwise invite constituents to participate, the Commission can and will allow additional parties to participate in the Equity Docket during the discovery phase of the proceeding. The Commission encourages broad participation in the Equity Docket to better understand the energy equity issues facing ratepayers.

Thank you for the opportunity to testify on this measure.

¹ Order No. 38735 removed the \$200,000 cap that was originally included in Order No. 38479.

² See <https://www.ulupono.com/project-list/let-communities-decide-using-participatory-budgeting-for-renewable-energy-community-benefits-packages/>



**Hawaiian
Electric**

**WRITTEN TESTIMONY BEFORE THE HOUSE
COMMITTEE ON CONSUMER PROTECTION &
COMMERCE**

S.C.R. 147 SD1

**Requesting the Public Utilities Commission to Revise Current Rate Structures and
Provide Additional Benefits for Those Communities That Host Renewable Energy
Projects**

April 13, 2023
2:15 p.m., Agenda Item #6
State Capitol, Conference Room 329

Greg Shimokawa
Director, Renewable Acquisition
Hawaiian Electric

Chair Nakashima, Vice Chair Sayama, and Members of the Committee:

My name is Greg Shimokawa and I am testifying on behalf of Hawaiian Electric with comments on S.C.R. 147 SD1.

This resolution requests the Public Utilities Commission to revise current rate structures and provide additional benefits for communities hosting renewable energy projects. Hawaiian Electric supports the intent of this measure and has proactively worked to provide additional benefits for communities hosting renewable energy projects. For example, Hawaiian Electric has recently instituted a requirement for a Community Benefits Package in its Stage 3 Request for Proposals (RFP) to help gain community buy-in. This benefits package includes a requirement that selected developers set aside at least \$3,000 per MW each year for community benefits, which are identified by the host community. The Company will also give higher evaluation scores to projects that provide additional benefits such as hiring local labor and paying prevailing wages.

Hawaiian Electric notes that the PUC recently opened an energy equity docket (Docket 2022-0250). It is our understanding that this docket is the result of the passage of S.C.R. 48, SD1 (2022) from last year and that the docket will consider impacts to communities and community benefits.

Revising rate structures and determining if additional benefits should be applied for host communities is the responsibility of the Public Utilities Commission. The Company notes that in a prior docket, Docket No. 05-0146, questions were raised as to how to properly determine the amount, duration, and geographic boundary of preferential rates, and it was noted that such programs would need to demonstrate reasonableness and cost effectiveness. If preferential rates were to be instituted these issues would need to be resolved.

Thank you for this opportunity to comment on S.C.R 147 SD1.