

JOSH GREEN, M.D. GOVERNOR | KE KIA'ÄINA

SYLVIA LUKE LIEUTENANT GOVERNOR | KA HOPE KIA'ÄINA

STATE OF HAWAII | KA MOKUʻĀINA 'O HAWAI'I OFFICE OF THE DIRECTOR DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

KA 'OIHANA PILI KĀLEPA 335 MERCHANT STREET, ROOM 310 P.O. BOX 541 HONOLULU, HAWAII 96809 Phone Number: (808) 586-2850 Fax Number: (808) 586-2856 cca.hawaii.gov NADINE Y. ANDO DIRECTOR | KA LUNA HO'OKELE

DEAN I HAZAMA DEPUTY DIRECTOR | KA HOPE LUNA HO'OKELE

Testimony of the Department of Commerce and Consumer Affairs

Before the Senate Committee on Energy, Economic Development, and Tourism And Senate Committee on Government Operations

> Tuesday, February 14, 2023 3:10 p.m. Conference Room 225

On the following measure: S.B. 1154, RELATING TO ENERGY

Chair DeCoite, Chair McKelvey, and Members of the Committees:

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

The purpose of this bill is to authorize government agencies to wheel electricity that is produced by their own facilities from renewable energy sources to another government agency's facilities, subject to certain restrictions.

The Department appreciates the bill's intent to not only support the State's ability to install renewable energy facilities, but also to facilitate the sharing of renewable energy facility benefits among different state agencies. The issue of intragovernmental wheeling has been evaluated before, including in the Commission's Docket No. 2007-0176. At the time of Docket No. 2007-0176, the State's options to support renewable energy projects

Testimony of DCCA S.B. 1154 Page 2 of 2

were limited and standing up an intragovernmental wheeling program would have required considerable resources. Since that time, other options have become available. For example, in Docket No. 2020-0204, the Commission is evaluating a pilot that will explore the University of Hawaii's ability to receive the benefits of a remotely sited renewable energy project, which is akin to the benefits realized under a wheeling program.

The Commission is also considering the issue of wheeling in Docket No. 2018-0163. In that docket, the scope of investigating a microgrid services tariff has expanded to include microgrids that may serve customers who are not on contiguous premises; this would essentially require a form of wheeling.

In addition, aspects of wheeling have been discussed as part of other dockets, such as Docket No. 2019-0323. Through these dockets, appropriate wheeling tariffs can be developed to: (1) enable users to wheel energy from one site to another in a manner that does not adversely affect other customers or the grid; and (2) fairly compensate the utility for using their transmission and distribution facilities to enable wheeling, so that other customers do not have to unfairly subsidize wheeling activities.

In view of the foregoing, the Department respectfully requests that the Committee consider the work the Commission has already initiated and allow the Commission to carefully complete its above dockets to enable wheeling for all customers. As noted above, establishing wheeling is complex and involves various factors. If allowed to complete the ongoing work in existing dockets, the need for an additional docket to investigate wheeling would be mitigated, if not obviated. In addition, the Department respectfully suggests that allowing the Commission to implement wheeling through Commission orders would be more expedient and efficient. Requiring the Commission to implementation but also create additional delays in the future when changes may be required to ensure that terms, conditions, prices, and other factors related to wheeling may need to change to reflect future system requirements and the Commission will have to go through rulemaking procedures again.

Thank you for the opportunity to testify on this bill.

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

TO THE SENATE COMMITTEES ON

ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

AND

GOVERNMENT OPERATIONS

February 14, 2023 3:10 p.m.

Chair DeCoite, Chair McKelvey, Vice Chair Wakai, Vice Chair Gabbard, and Members of the Committees:

MEASURE: S.B. No. 1154 TITLE: RELATING TO ENERGY.

DESCRIPTION: Authorizes government agencies to wheel electricity that is produced by their own facilities from renewable energy sources to another government agency's facilities, subject to certain restrictions.

POSITION:

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

COMMENTS:

The Commission appreciates the intent of this measure to encourage the production of clean energy and reduce Hawaii's dependence on fossil fuels. The Commission also appreciates the language that allows the Commission to disallow wheeling projects in cases where the projects would be detrimental to an electric company or the public interest.

S.B. No. 1154 Page 2

If this measure is to move forward, <u>the Commission recommends that the Committee</u> <u>amend the language on page 3</u>, <u>lines 16-17</u>, to allow the Commission to implement provisions of this measure either through the adoption of rules or by Commission order</u>.

Thank you for the opportunity to testify on this measure.

Statement of Stanley Osserman Jr., President, Tigershark Energy Consulting Hawaii – Hydrogen, LLC. before the Senate Committee on Energy, Economic Development and Tourism And Senate Committee on Government Operations

14 February 2023 3:10 pm State Capitol, Conference Room # 225

In consideration of Bill Number SB1154 Relating to The Government "Wheeling" Energy

Chairs DeCoite and McKelvey, Vice Chairs Wakai and Gabbard and members of the EET and GVO Committees

As the former Director of the Hawaii Center for Advanced Transportation Technologies (2013-2019), Under the Hawaii Department of Business, Economic Development and Tourism (DBEDT) and appointed by Hawaii Revised Statute as the Hydrogen Implementation Coordinator for the state, I continue to serve our state by promoting the application of hydrogen technologies to replace fossil fuels and promote a hydrogen economy in our state by doing business as (DBA) Tigershark Energy Consulting Hawaii – Hydrogen, LLC. This testimony is being given, not as a paid consultant or lobbyist, but as a professional that has been promoting hydrogen technology for the betterment of our state and nation. I am not being compensated by any individual, company, organization, or group as I provide this testimony.

I stand in Strong Support of SB 1154 encouraging the PUC to expedite approval of economically moving electrical power between government agencies using utility grids.

Hawaii has embarked on an ambitious goal to establish a fossil fuel free power system by 2045. This will require using a variety of clean power sources, both "firm"

and "Intermittent". Firm power will generally be produced at scale, but many government facilities have invested in solar PV which is "intermittent" and used near where it is produced. Solar PV is best planned to incorporate "over-production". Good design and planning also incorporates some form of energy storage to be reliable. Grid tied solar PV challenges the electric utility by introducing "instability" in their systems hampering them in meeting their PUC mandated power quality standards. SB 1154 would assist by allowing government facilities to share surplus power that would otherwise be curtailed when the solar PV is over-producing, either to be stored, to make hydrogen (as energy storage) or to be used when produced at nearby government facilities, ensuring that clean solar energy is not wasted. If the electric utility can help government complexes efficiently share and store solar PV power using their transmission system, designed and maintained by the utility (Including working a microgrid infrastructure into these government complexes) the cost of the power would be less over time. If a utility designed and maintained microgrid was in place, it could also be "islanded" for redundancy and continuity of government operations, post disaster, and would allow more intermittent power to be efficiently managed by the utility.

All electric utilities will be challenged as they try to transition to clean energy, particularly as more and more distributed intermittent solar PV is added. Encouraging the electric utilities to expand into microgrids and allowing "wheeling" between the microgrids would be a great improvement to the system overall.

Mahalo for the opportunity to testify on this important proposed legislative matter.

Stanley J. Osserman Jr., President Tigershark Energy Consulting Hawaii – Hydrogen, LLC.



Email: communications@ulupono.com

SENATE COMMITTEES ON ENERGY, ECONOMIC DEVELOPMENT, & TOURISM AND GOVERNMENT OPERATIONS Tuesday, February 14, 2023 — 3:10 p.m.

Ulupono Initiative <u>supports the intent</u> of SB 1154, Relating to Energy.

Dear Chair DeCoite, Chair McKelvey, and Members of the Committees:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve the quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food, renewable energy and clean transportation choices, and better management of freshwater resources.

Ulupono <u>supports the intent</u> of SB 1154, which authorizes government agencies to wheel electricity that is produced by their own facilities from renewable energy sources to another government agency's facilities, subject to certain restrictions.

Normally, private wheeling raises significant equity concerns, as it allows companies and other private entities to effectively buy up renewable energy projects (or the energy from such projects) that could otherwise, if purchased by the utility, benefit all ratepayers. This is especially the case currently when utility-scale solar energy is being contracted at roughly half the cost of oil-fired electricity.

However, in the case of wheeling by government agencies, the equity concerns are much less because the government agencies—and therefore tax-payers—benefit. In such cases, tax-payers and electric utility ratepayers are more or less the same constituents. By allowing this type of wheeling, it may encourage government agencies that have excess land or rooftop space at one facility to develop renewable energy on site even if it cannot all be used at the same location. It may also allow the State to lead by example in adopting renewable energy.

Should governmental wheeling be considered, we strongly support this bill's direction to have the Hawai'i Public Utilities Commission take the lead in rule making around any such program.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata Director of Government Affairs

Investing in a Sustainable Hawai'i



TESTIMONY BEFORE THE SENATE COMMITTEES ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM & GOVERNMENT OPERATIONS

S.B. 1154

Relating to Energy

Tuesday, February 14, 2023 3:10 pm State Capitol, Conference Room 225 & Videoconference

> James Abraham Associate General Counsel, Legal Department Hawaiian Electric

Chairs DeCoite and McKelvey, Vice Chairs Wakai and Gabbard, and Members of the Committees:

My name is James Abraham and I am testifying on behalf of Hawaiian Electric **in opposition** to S.B. 1154.

Generally, wheeling would allow our largest customers to strike their own deals with independent power producers, and use the utility electric system, which is paid for by all customers and meant to serve all customers, for their own purposes. This is unfair to the broader public without appropriate protections and fees charged to the wheeling parties. In addition, this may delay our ability to achieve the State's 100% renewable energy future. In order for the State to attain its ambitious 100% RPS with equity, i.e., not burdening those customers who can least afford to find alternative forms of energy, ALL customers and customer groups should work together rather than pursue mechanisms to gain special advantages over others.

Intra-governmental wheeling must address the critical issues that wheeling raises. Some of these critical issues are: (1) Considering the financial costs and impacts of intra-governmental wheeling on non-wheeling customers of a utility, including Hawaiian Electric PO BOX 2750 / HONOLULU, HI 96840-0001

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other governmental customers; (2) Identifying what impact intra-governmental wheeling will have on existing independent power producers already providing energy under contract to Hawaii's electric utilities, who might see their ability to produce energy curtailed; (3) Identifying any power back-up issues; and (4) Identifying the costs to the utilities of implementing intra-governmental wheeling.

An additional concern is the limited land resources available for renewable energy production. If government agencies are permitted to use public land for production of energy to meet the agencies' load, that land will no longer be available for future RFPs and projects to serve all customers. This will not only make siting of new renewable projects more difficult, but can also increase the pricing for future projects.

Nevertheless, efforts have been made to implement programs in a targeted manner that seek to accomplish the same goals as wheeling while taking into consideration these significant issues. For instance, Hawaiian Electric is currently awaiting a decision from the PUC in the Green Tariff docket, which seeks to establish a pilot program to allow the University of Hawai'i Mānoa to generate energy at another site and credit that generation against the Mānoa campus load. If this proposal is approved, it could be used as a model for future government agencies, including University of Hawai'i Maui college.

In Hawai'i, there's no extension cord to the mainland. Unlike California and many other places we're compared to, we can't plug into the mainland grid, not to buy or sell electricity to neighboring utilities or for reliability. The loss of large customers will impair the sustainability of fair cost allocations to all customers which will impair economic development and the attainment of our State renewable policies and goals. We must address the State's energy future as a whole and not with techniques that sound reasonable as stand-alone concepts, especially those used in larger grids on the mainland with large manufacturing and commercial loads. We can all reach Hawaii's renewable future if we are all in it together.

Accordingly, Hawaiian Electric opposes S.B. 1154. Thank you for this opportunity to testify.



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION 1260 EMPOWERING THE PACIFIC

JOINT SENATE COMMITTEE ON ECONOMIC DEVELOPMENT AND TOURISM, and GOVERNMENT OPERATIONS

HEARING DATE: TIME: PLACE: Tuesday, February 14, 2022 3:10 p.m. State Capitol Conference Room 225

RE: Testimony in **OPPOSITION** to Senate Bill 1154

Aloha Honorable Chair(s) DeCoite and McKelvey, Vice Chair(s) Wakai and Gabbard respectively, and Members of this Joint Committee;

The International Brotherhood of Electrical Workers Local 1260 (IBEW 1260) and its Business Manager and Financial Secretary, Leroy Chincio, Jr. would like to offer the following testimony on Senate Bill 1154.

IBEW 1260, is comprised of nearly 3,000 hardworking union members. Our members are a diverse workforce that largely consist of highly skilled and trained individuals working 24 hours a day, 7 days a week, to generate and transmit electricity here in the State of Hawai'i and to ensure the reliability and availability of this precious resource.

IBEW 1260 respectfully **OPPOSES** Senate Bill 1154 which seeks to authorize government agencies to wheel electricity that is produced by their own facilities from renewable energy sources, subject to certain conditions determined by the public utilities commission (PUC).

The purpose of this measure is not new. Previous legislatures have debated similar proposals contained in Senate Bill 1154¹. The PUC opened Docket 2007-0176 in response to legislative action², but closed it on October 30, 2019 citing its decision to reprioritize efforts in further response to more recent legislative action³. Those discussions are ongoing. Reliability of the grid is a matter of public health, safety and welfare and should not be compromised. We believe the PUC should be allowed to conclude its work on current dockets and strongly support a focus on reliability and resiliency of the grid.

In addition to grid integrity, at a time when topics like Hawai'i's high poverty levels⁴ and cost of living, increasing homelessness, lack of affordable housing, workforce development efforts, and out migration of local residents to less expensive places to live dominate most policy debate, IBEW1260 looks forward to working with you on important matters such as these that have a direct impact on our members and their families.

We sincerely thank The Committee for their time, consideration, and dedication to a renewable and reliable energy future and respectfully request that you **HOLD** this measure. Mahalo for the opportunity to testify.

- ² See Public Utilities Docket No. 2007-0176- Instituting Proceedings to Investigate the Implementation of Intragovernmental Wheeling Of Electricity pursuant to Senate Concurrent Resolution 180 (2004).
- ³ See Act 200 (2018), Relating to Resiliency.
- ⁴ See ALICE in Hawai'i: 2022 Facts and Figures;

¹ See House Bill 298 (2019).

https://www.auw.org/sites/default/files/pictures/ALICE%20in%20Hawaii%20-

^{%202022%20}Facts%20and%20Figures%20Full%20Report.pdf



COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM Senator Lynn DeCoite, Chair Senator Glenn Wakai, Vice Chair

COMMITTEE ON GOVERNMENT OPERATIONS Senator Angus L.K. McKelvey, Chair Senator Mike Gabbard, Vice Chair

DATE: Tuesday, February 14, 2023 TIME: 3:10 PM PLACE: Conference Room 225 & Videoconference

SB1154 Relating to Energy

Comments

Aloha Chairs DeCoite and McKelvey and Members of the Committees

Life of the Land is Hawai'i's own energy, environmental and community action group advocating for the people and `aina for 53 years. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

Wheeling is historically defined as the transportation of electric energy (megawatthours) from within an electrical grid to an electrical load outside the grid boundaries. In a simpler sense, it refers to the process of transmission of electricity through the transmission lines.

A wheeling transaction typically involves a utility transmitting power for two other utilities that are not physically interconnected. Under such a transaction, which is wholesale in nature, the transmitting utility is neither the seller nor buyer of power.

On April 30, 2004, the Legislature adopted Senate Concurrent Resolution No. 180. Among other things, the Legislature requested that the commission explore ways to implement intra-governmental wheeling to facilitate government wheeling of electricity.

The Legislature defined wheeling as "the process of transmitting electric power from a seller's point of generation across a third-party-owned transmission and distribution system to the seller's retail customer."

The Public Utilities Commission opened a proceeding to examine wheeling on the transmission grid. Docket no. 2007-0176 was open from 2007-19.

The parties were the HECO Companies, KIUC, Consumer Advocate; Department of Defense, DBEDT, the four counties, Life of the Land, and Castle Cooke Resorts, LLC/Lanai Sustainability Research, LLC.

The Commission concluded in 2019 that evaluating distribution-level wheeling via a microgrid services tariff made more sense for the short-term. "The commission makes clear that such action does not preclude the commission from examining the feasibility of intra-governmental wheeling in the future."

SB 1154 defines, wheeling to mean "transmitting electric power from one governmental agency's point of generation to the facilities of other governmental agencies over the existing transmission lines of a third-party electric public utility."

"Facilities such as the University of Hawaii Maui college and nine other campuses across the State have photovoltaic systems installed on their parking shade structures and rooftops. The excess electricity generated at these facilities is wasted because there is no system that allows wheeling of the surplus clean energy to another connected facility."

The legislation is redundant. The PUC can continue to examine wheeling.

HECO, the Consumer Advocate, the University of Hawaii, and Life of the Land are in docket no. 2020-0204 in which HECO proposes a green tariff be established between the University of Hawaii and the HECO Companies.

"UH believes that all available options, including but not limited to wheeling, should be considered for effective planning to achieve the net zero energy mandate." However, UH has not committed to wheeling. It merely wants that option on the table.

HECO responded to a Life of the Land Information Request. "The proposed Green Tariffis a form of `virtual` wheeling: electric power is not moved from the point of generation specifically to the University of Hawaii's point of energy use; however, proposed billing adjustments reflect attribution of such movement."

There are other types of wheeling currently underway. Community Based Renewable Energy is a form of virtual wheeling where the electricity is not moved from point A to point B, but the energy generated at point A is priced and offset against the bills of various customers. Issues are being addressed in an ongoing proceeding (docket no. 2015-0389) There is another open proceeding involving wheeling (docket no. 2018-0163). A third party can own a microgrid that operates independently when the utility grid fails. The third party microgrid may contain utility-owned lines, and thus electricity would be wheeled across the utility grid.

It is important to recognize that in each of these examples of wheeling, the cost to non-participants cannot be negatively impacted. The Consumer Advocate and the Public Utilities Commission are very concerned about cost impacts to non-participants.

Many options exist for UH. They could create a Community Based Renewable Energy project involving only university facilities. They can participate in the Feed-in Tariff program. They can build on-site solar plus storage facilities. They can create microgrids. One option that is no longer available is net energy metering.

Mahalo

Henry Curtis



PO. Box 1058 Pepeekeo, HI 96783-1058 www.sustainableeneryhawaii.org

COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM Senator Lynn DeCoite, Chair Senator Glenn Wakai, Vice Chair

COMMITTEE ON GOVERNMENT OPERATIONS Senator Angus L.K. McKelvey, Chair Senator Mike Gabbard, Vice Chair

DATE: Tuesday, February 14, 2023 TIME: 3:10 PM PLACE: Conference Room 225 & Videoconference

SB1154 - Relating to Energy

Aloha Charis DeCoite and McKelvey and Members of the Committees,

Sustainable Energy Hawai'i (SEH), a 501(c)3 non-profit dedicated to improving the quality of life for Hawaii Island residents. Our mission is to enable an economic, social, and environmental revival in Hawaii through a just transition to sustainable, locally sourced renewable energy and to that end, the creation of a thriving clean hydrogen economy.

SEH therefore offers the following testimony supporting the <u>intent</u> of **SB 1154** (Bill) and, at the same time, to propose an alternative form to solve a problem that affects us all.

Commentary

While it is true that the high cost of electricity continues to increase as a result of higher oil and gas prices, and that emergency funding is now required to meet public energy needs, this proposed legislation is unlikely to successfully provide government entities (GOVT) the cost reduction it seeks. Furthermore, in its present form, it could negatively impact both Hawaiian Electric (Utility) and ratepayers while likely effecting an unnecessary political controversy in the process. Let me illustrate our thinking:

By its simplest description, this Bill seeks to exempt the GOVT from its own existing restriction on wheeling by allowing it to transmit power across TMK boundaries for its own, financial benefit.

"The legislature finds that the production of clean electricity may be encouraged if government agencies, as <u>sellers</u> of clean electricity, are allowed to engage in intragovernmental wheeling, in which electric power is transmitted from one agency's power generation to the facilities of other governmental agencies over the existing transmission lines of a third-party electric public utility." (SB 1154; Section 1; Paragraph 3)

The GOVT's position states that it is currently forced by governing law to 'curtail' (throw away) some of the power it generates across a number of its facilities. The GOVT rightly concludes that curtailment wastes valuable energy that could and should be utilized elsewhere in the system and in doing so, have a tangible monetary value attached to it.

Currently, the GOVT does not incur a cost to curtail any its over-production from internal power generation operations. However, it does incur a cost for the power that could be offset by that curtailed power if consumed at other GOVT facilities that don't have sufficient power generation capabilities of their own.

We see two options for using that wasted power and mitigating some GOVT expense. Both would require updated legislation. One is wheeling. The other is net metering or a modernized version, thereof. Our conclusion is that the latter would more efficiently satisfy the economic goal of this Bill and avoid inevitable political hurdles needed to see it passed into an Act.

Contrasting Two Approaches

If the curtailed energy were given financial value and that value were reconciled by the mechanism of wheeling, the GOVT would incur the additional cost of a transmission tariff, a presently unknown cost that would be determined by the Utility.

At the same time, the power consumed at other GOVT facilities would likely reduce the utility's revenue by the amount of power 'wheeled' between GOVT facilities. It might create additional expenses for the utility, accounting between State and County generation sites across the various grids. This decrease in revenue may trigger increased costs for ratepayers.

The Utility would likely attempt to mitigate some of its lost revenue in setting the GOVT's wheeling tariff. That tariff would reduce the financial benefit afforded the GOVT by this proposal. That tariff may also be funded by taxpayer revenues.

It is conceivable this could stimulate large commercial entities to seek similar benefit by generating their own power at remote sites while citing this exemption for wheeling as precedent. What kind of a political climate would this create? How would this affect residential and small business ratepayers? Would this become an inadvertent political deterrence thwarting the genuine benefit wheeling could have toward incentivizing additional, non PPA structured power generation?

Would it not make more sense at a time when available power supplies are stressed to allow that excess power generation to simply be put onto the grid and for the GOVT entities to be billed on a single payer, net-energy basis?

Conclusion

It is our conclusion that a better, less costly solution to the state's internal curtailed energy problem would be to legislate an exemption to the restriction on net metering, at the very least for government institutions, vs. this cumbersome, politically charged approach to reduce expenses born by Hawaii's taxpayers.

To be clear, we see great value that wheeling can have to encourage additional clean power production, however, that opportunity seems to only make sense within a context where it would incentivize the creation of new, non-PPA markets such as hydrogen production, a market sought by our State Energy Office and proposed in current 2023 legislative bill, SB 1520.

Mahalo,

Peter Sternlicht Member, Board of Directors Sustainable Energy Hawaii peter@sustainableenergyhawaii.org





Testimony Before the Senate Committees on Energy, Economic Development and Tourism And Government Operations

By David Bissell President and Chief Executive Officer Kauaʻi Island Utility Cooperative 4463 Paheʻe Street, Suite 1, Līhuʻe, Hawaiʻi, 96766-2000

> Tuesday, February 14, 2023; 3:10 pm Conference Room #225 & Videoconference

Senate Bill No. 1154 - RELATING TO ENERGY

To the Honorable Chair Lynn DeCoite, Honorable Chair Angus L.K. McCelvey and Members of the Committees:

Kaua'i Island Utility Cooperative (KIUC) is a not-for-profit utility providing electrical service to more than 34,000 commercial and residential members.

KIUC offers comments on this measure.

Over the past 10 years, KIUC has significantly increased its renewable generation. In 2010, KIUC's energy mix included 10% renewable. Renewable production for 2021 reached 70%. This large growth in renewable generation has significantly stabilized KIUC's rates: since May 2022, KIUC has posted the lowest residential electricity rates in the state.

Rate stabilization on Kaua^ci is largely attributable to KIUC securing long-term power purchase agreements for utility-scale renewable projects. Solar facilities and battery storage systems connected to utility-scale solar facilities account for roughly two-thirds of our renewable production and are among our lowest priced energy sources. We believe that utility-scale projects owned or contracted by KIUC best serve our members, as they deliver electricity at prices that smaller, privately-owned projects could not achieve.

Wheeling runs the risk of creating a "have" and "have not" system of energy service where the majority would end up paying more in utility bills for the benefit of a few. We encourage a cautious and comprehensive approach to wheeling involving any non-franchise public utility operators. It is essential that any allowed wheeling include proper costing of services from the franchise utilities, which should include consideration of potentially stranded investments. KIUC also supports the preservation of the Public Utilities Commission's ability to disallow wheeling projects if they are detrimental to an electric utility or the public interest (i.e., other utility customers).

Mahalo for your consideration.

<u>SB-1154</u> Submitted on: 2/13/2023 8:32:00 AM Testimony for EET on 2/14/2023 3:10:00 PM

Submitted By	Organization	Testifier Position	Testify
Keith Neal	Individual	Support	Written Testimony Only

Comments:

SB1154

Support, with comment.

Hawaii state policy must allow for a clean and cost effective energy market place to exist. Limiting energy transmission to within a TMK is a barrier to energy wheeling. Producing the needed amount of energy at the right time is a hallmark of a well run wheeling energy market place.

-Keith Neal

Waimea