



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Thursday, March 28, 2024
1:00 PM
State Capitol, Conference Room 229 and Videoconference

Providing Comments on
SCR 171 / SR 147

**REQUESTING THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT,
AND TOURISM TO PROPOSE LEGISLATION THAT ESTABLISHES TAX CREDITS
FOR FIRM RENEWABLE ELECTRICITY GENERATION.**

Chair DeCoite, Vice Chair Wakai, and members of the Committee, the Hawai'i State Energy Office (HSEO) offers comments on SCR 171 and SR 147, requesting the Department of Business, Economic Development, and Tourism to propose legislation that establishes state tax credits for firm renewable electricity generation. Tax credits at the federal level already exist for utility scale renewable electricity generation.

As acknowledged by several "WHEREAS" clauses, the current Renewable Energy Technologies Income Tax Credit (HRS §[235-12.5](#)) and a [predecessor](#) Energy Conservation Income Tax Credit (HRS §[235-12](#)) have largely been utilized by residential and commercial solar systems over the years.

A revision was made to the tax credit in 2020, by [Act 61](#), to address two concerns: the unpredictable and potentially large impact that tax credits for utility scale systems could have on the State budget; and the uncertainty faced by project developers and utility contracts in the event that such tax credits would be discontinued ([bill page](#)). During this period, it became clear that several factors can contribute to, or lessen, the potential attractiveness and benefits of tax incentives. In addition to incentives, HSEO notes that direct utility investment may be a more cost-effective

method to achieve grid reliability, by selectively replacing the existing thermal electricity generation power plant fleet and investing in fuels that improve grid operability, performance and efficiency.

If the Committee is inclined to pass this resolution, HSEO recommends that, in order to allow a broader scope of measures to be included when identifying tax policies that could be effective and affordable means of incentivizing firm renewable electricity generation in Hawai'i, the request be modified to read as follows:

"...legislation that establishes [~~tax credits~~]
incentives for firm renewable electricity
generation."

Thank you for the opportunity to testify.



**Hawaiian
Electric**

**TESTIMONY BEFORE THE SENATE COMMITTEE ON
ENERGY, ECONOMIC DEVELOPMENT & TOURISM**

SCR 171 / SR 147

**REQUESTING THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT
AND TOURISM TO PROPOSE LEGISLATION THAT ESTABLISHES TAX CREDITS
FOR FIRM RENEWABLE ELECTRICITY GENERATION**

Thursday, March 28, 2024
1:00 PM
State Capitol, Conference Room 229

Greg Shimokawa
Director, Renewable Acquisition
Hawaiian Electric

Dear Chair DeCoite, Vice Chair Wakai, and Members of the Committee,

My name is Greg Shimokawa and I am testifying on behalf of Hawaiian Electric in **support** of SCR 171 / SR 147, which requests the Department of Business, Economic Development and Tourism to propose legislation that establishes tax credits for firm renewable electricity and generation.

Hawaiian Electric agrees that firm renewable generation is imperative to accomplishing the State's one hundred percent Renewable Portfolio Standard by 2045 and maintaining the reliability and stability of the electric grids. The Company is in support of mechanisms such as tax credits that may encourage commercial developers to propose and build utility-scale firm renewable energy projects in the State.

Thank you for this opportunity to testify in support of SCR 171 / SR 147.



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS
LOCAL UNION 1260
EMPOWERING THE PACIFIC

SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

HEARING DATE: Thursday, March 28, 2024
TIME: 1:00 p.m.
PLACE: State Capitol
Conference Room 229

RE: Testimony in **Support** of Senate Concurrent Resolution 171, Senate Resolution 147

Aloha Honorable Chair DeCoite, Vice Chair Wakai, and Members of the Committee;

The International Brotherhood of Electrical Workers Local 1260 (IBEW 1260) would like to respectfully offer the following testimony in **Support** of Senate Concurrent Resolution 171 (SCR 171), Senate Resolution 146 (SCR147).

IBEW 1260 is comprised of approximately 3,000 members representing Hawaii's electric utility companies as well as Government Service Contracts throughout Hawaii, Guam, and Wake Island. Our members are a diverse local workforce of dedicated, highly skilled, and trained individuals working 24 hours a day, 7 days a week, to generate, transmit, and distribute electricity throughout Hawai'i and to ensure the reliability of this precious resource.

IBEW 1260 supports SCR 171, SR 147 requesting the Department of Business, Economic Development, and Tourism to propose legislation that establishes tax credits or firm renewable electricity generation.

We believe that providing such incentives to the broader renewable industry, to include firm renewable generation, will provide additional reliability and stability to Hawai'i's electrical infrastructure and will assist Hawai'i in reaching its one-hundred percent renewable portfolio goal by 2045.

Mahalo for the opportunity to testify on this important matter.



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March 28, 2024

TESTIMONY ON SCR 171

SUPPORT

LATE

Rep. Nicole E. Lowen, Chair
Rep. Elle Cochran, Vice Chair
Committee on Energy & Environmental Protection

Aloha Chair Lowen, Vice Chair Cochran, and Members of the Committee,

Pacific Biodiesel supports SCR 171 REQUESTING THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM TO PROPOSE LEGISLATION THAT ESTABLISHES TAX CREDITS FOR FIRM RENEWABLE ELECTRICITY GENERATION.

While we support this resolution, we also request immediate action to pass SB 3360 and HB 2767 updating the Renewable Fuels Production Tax Credit. The Hawaii State Energy Office's 2023 Annual Report shows that no one currently qualifies for the outdated tax credit. That is an unacceptable, missed opportunity to promote firm renewable electricity generation. Again, while studies and working groups help inform meaningful legislation, we already know the State has a huge need for more firm renewable electricity generation. Passing SB 3360 and HB 2767 will promote firm renewable electricity generation right now. Every year matters in our quest to meet the renewable energy mandate before 2045.

Major investments are needed in firm renewable energy to meet Hawaii's mandate to reach 100% renewable energy by 2045.

- A. Hawaii's utility companies rely on and need more of Pacific Biodiesel's locally produced firm renewable energy. HRS section 269-92(a) requires each electric utility company that sells electricity for consumption in the State to establish a renewable portfolio standard of forty percent of its net electricity sales by December 31, 2030, seventy percent of its net electricity sales by December 31, 2040, and one hundred percent of its net electricity sales by December 31, 2045. In order for electric utility companies to meet the required renewable portfolio standards by 2045, an indispensable component of the electric utility companies' renewable portfolio standard must include sufficient locally sourced firm renewable energy sources to offset the intermittent nature of wind and solar power renewable energy.
- B. Speaking for the liquid biofuels industry, it is well known that the cost to move from 70% to 100% renewables will be extremely expensive using any other technology. Biodiesel can cost effectively optimize battery sizing by providing firm renewable power, quickly

renewable • sustainable • community-based

dispatched at any time. Fast-start, efficient diesel engines – when fueled with clean biodiesel – are enabling higher penetration of intermittent PV and wind assets while maintaining grid stability. Biodiesel allows for an immediate reduction of greenhouse gas emissions. Our biodiesel is a 100% renewable Advanced Biofuel that is a crucially important firm renewable power source in Hawaii to back up other renewables on the grid. And, more importantly now than ever, Hawaii's locally produced biodiesel is supporting energy security in our island state and reducing reliance on imported fossil fuel. **It is a direct replacement for petroleum diesel fuel that can be used right now in any diesel engine without modification, helping to reduce greenhouse gas emissions by 86% compared to petroleum diesel.** The diesel engine is NOT the problem. Petroleum diesel FUEL – fossil fuel – used in efficient diesel engines is the problem. **Biodiesel has one of the lowest carbon footprints of any fuel.** A California Air Resources Board (CARB) report* shared findings that total greenhouse gas (GHG) reductions from biomass-based diesel were three times the total reductions from electric vehicles. In Hawaii, where the carbon intensity of our electricity grid is significantly higher than the US average, the assumption would be an even greater GHG reduction with the use of 100% biodiesel compared to EVs charged by an electricity grid that is currently only 30% powered by renewables.

- C. Unfortunately, Hawaii is rushing to support electrification while ignoring the many environmental and economic benefits of biofuels. We cannot and should not sit back and wait for a 100% zero emission future. The State must get serious, soon, about requiring a lifecycle GHG reduction analysis on its “zero emission” strategies before Hawaii spends millions on electrification.

Our locally produced 2nd Generation biodiesel is produced from recycled used cooking oil from Hawaii and recycled used cooking oil from the mainland. Increasing production using locally grown or recycled feedstock is our goal, and that goal is becoming reality at our new project on Kauai. Pacific Biodiesel and other companies need this incentive to increase local production with from local feedstock over the next 20 years. That is how we achieve energy independence.

The further we move towards our goal of 100% renewable, the more critical firm energy like liquid biofuel sources will be. At Pacific Biodiesel's refinery on Hawaii Island, we produce 6 million gallons per year of premium distilled biodiesel – the equivalent of 220 MWh per DAY of 100% renewable energy for Hawaii. **But, building up the supply is a long process. We must accelerate implementation and support additional local production now to meet expanding demand in the future and to ensure that our firm energy needs can be met with firm renewable energy by 2045**

Mahalo,

Sincerely,



Pacific Biodiesel

Testimony – SUPPORT SCR 171

March 28, 2024

Robert A. King, President
Pacific Biodiesel Technologies, LLC

SCR-171

Submitted on: 3/26/2024 11:50:07 AM

Testimony for EET on 3/28/2024 1:00:00 PM

Submitted By	Organization	Testifier Position	Testify
Glen Kagamida	Individual	Support	Written Testimony Only

Comments:

STRONG SUPPORT! WE NEED MORE FIRM, RENEWABLE ELECTRICITY! NO MORE BLACKOUTS!

MAHALO!