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Testimony of the Department of Commerce and Consumer Affairs

Before the
Senate Committee on Energy and Intergovernmental Affairs
And
Senate Committee on Government Operations
Thursday, January 30, 2025
3:00 p.m.
Conference Room 225

On the following measure:
S.B. 133, RELATING TO ENERGY

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

My name is Michael Angelo, and I am the 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: (1) authorize state facilities to wheel electricity that is produced by their own facility from renewable energy sources to another state facility pursuant to administrative rules established by the Public Utilities Commission; and (2) require the Public Utilities Commission (Commission) to submit a report to the Legislature.

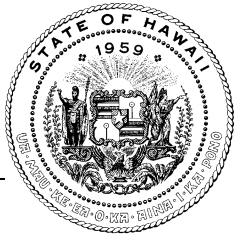
The Department appreciates the bill's intent to support the State's ability to install renewable energy facilities and also to facilitate the sharing of renewable energy facility benefits among different state agencies. The issue of intragovernmental wheeling has been evaluated for many years and in various Commission's dockets, including Docket No. 2007-0176. At the time of Docket No. 2007-0176, the State's options to support

renewable energy projects were limited and standing up an intragovernmental wheeling program would have required considerable resources. Since then, concepts related to wheeling were also reviewed in various other Commission proceedings including in Docket No. 2020-0204 (regarding the University of Hawaii); Docket No. 2018-0163 (related to microgrids); and Docket No. 2019-0323 (related to distributed energy response policies).

Recently, the Commission on July 1, 2024, opened an investigation to establish electricity wheeling policies and procedures for the electric utilities serving the State (Docket No. 2024-0200). As set forth in Commission Order No. 40879 initiating the investigation, the first three phases of the docket would involve stakeholder outreach to scope the initial focus for intragovernmental wheeling and specific docket proceedings (including an intervention period) resulting in a decision by November 2025 establishing intragovernmental wheeling policies and procedures if the Commission determines such to be in the public interest. With the lessons learned during these early phases the Commission states that such lessons will be applied to subsequent phases to implement an intragovernmental wheeling policy and explore retail wheeling. In its latest Monthly Status Update, issued on January 15, 2025, the Commission specifically outlined next steps for the wheeling investigation to be the issuance of a proposed workplan, including draft definitions, a draft statement of issues, and a procedural schedule of upcoming stakeholder meetings to further refine the investigation, with an anticipated four more stakeholder meetings by September 2025.

In view of the foregoing, the Department respectfully offers that the Commission be allowed to move forward and complete the work set forth in Docket No. 2024-0200.

Thank you for the opportunity to testify on this bill.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
**SENATE COMMITTEES ON
ENERGY AND INTERGOVERNMENTAL AFFAIRS
AND
GOVERNMENT OPERATIONS**

Thursday, January 30, 2025
3:00 PM
State Capitol, Conference Room 225 and Videoconference

Providing Comments on
SENATE BILL NO. 133

RELATING TO ENERGY.

Chairs Wakai and McKelvey, Vice Chairs Chang and Gabbard, and members of the Committees, Hawai'i State Energy Office (HSEO) respectfully offers comments on Senate Bill 133, which authorizes state facilities to wheel electricity that is produced by their own facility from renewable energy sources to another state facility pursuant to administrative rules established by the Public Utilities Commission (PUC) and requires the PUC submit a report to the Legislature.

HSEO supports the concept of intragovernmental wheeling but emphasizes the need to approach wheeling with care, primarily to avoid unintended impacts on the overall electricity grid.

HSEO wishes to inform the Committees that unintended consequences of electricity wheeling may result under certain design parameters. Such consequences include inequities from additional costs associated with generation not benefitting utility customers, costs associated with necessary transmission and distribution measures proposed by the utility for grid stability, and costs associated with overdesign of mitigation measures and methods to attain efficient means of managing and accounting for wheeling transactions. Assessing these impacts in advance of deploying wheeling is prudent and consistent with the intent of interconnection studies required by the electric utility to understand potential increased load or loss of load circumstances. Among the specific issues for assessment and consideration of prevention measures are overabundance of load that overwhelms and congests the transmission lines and

can lead to overheating and sagging of the transmission lines which can eventually lead to failure of the lines, system imbalances, unanticipated power flows, and instability. The additional loads from electricity wheeling could lead to higher stress on the transmission and distribution system and that an increased frequency of transmission system maintenance, updates, and replacements may be required.

With those caveats in mind, HSEO supports the exploration of intragovernmental wheeling since it has the potential to equitably improve the affordability of electricity and integrate more renewable energy into each of Hawai‘i’s six independent electricity grids. HSEO also supports the concept of sharing bill credits between government agencies to explore intragovernmental wheeling.

HSEO also cautions that exploring intragovernmental wheeling may not necessarily answer the fundamental question of whether wheeling, deployed broadly in Hawai‘i, would be in the public interest. Intragovernmental wheeling and wholesale wheeling in Hawai‘i could likely diverge and have very different impacts from broader island-wide deployment of wholesale wheeling. The mechanisms used in intragovernmental wheeling may not be scalable to use in wholesale wheeling. HSEO suspects that further investigation would have to occur post-intragovernmental wheeling before wholesale wheeling could be initiated and before answering the question of whether intragovernmental wheeling in Hawai‘i is in the public interest.

Given HSEO’s support of increasing electricity affordability and increasing renewable energy generation, HSEO supports intragovernmental wheeling through SB133 but cautions the Legislature to ensure the design parameters prevent inequity and ensure grid and cost stability.

Thank you for the opportunity to testify.

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



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Testimony of the Public Utilities Commission

To the
Senate Committees on
Energy and Intergovernmental Affairs
and
Government Operations

January 30, 2025
3:00 p.m.

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

Measure: S.B. No. 133
Title: RELATING TO RENEWABLE ENERGY.

Position:

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

Comments:

The Commission appreciates the intent of this measure to authorize state facilities to wheel electricity that is produced by their own facility from renewable energy sources to another state facility. The Commission supports examination of diverse measures that would promote the production of clean electricity and understands that generators of renewable energy play an important role in the State's transition to renewable energy.

With respect to intragovernmental wheeling, the Commission notes that it requires an examination of many complex and interrelated issues to ensure reliability and cost-effectiveness, such as interconnection, availability of transmission and distribution capacity, appropriate rates and rate design, back-up power requirements, and impacts on the utility and non-participating ratepayers. As discussed at the previous legislative session, the Commission agreed to open a docket to investigate whether electricity wheeling is in the State's public interest.

In July 2024, the Commission opened Docket No. 2024-0200 to prompt feedback from key stakeholders regarding the feasibility of wheeling in Hawaii and will determine whether intragovernmental wheeling, as part of its initial stage, is in the public interest. This would be followed by a report to the Legislature no later than twenty days prior to the convening of the regular session of 2026.

The Commission notes that it previously investigated intragovernmental wheeling to a limited extent in Docket No. 2007-0176, which closed in 2019 and led to the refined focus on microgrids, a form of distribution-level wheeling being explored in Docket No. 2018-0163. Additionally, the Commission has been exploring compensation for small-scale customer generators in the distributed energy resources (“DER”) docket, Docket No. 2019-0323; has established policies and procedures for shared energy projects and agreements at various scales in the community-based renewable energy (“CBRE”) docket, Docket No. 2015-0389; and is looking at rate impacts to non-participants in such programs in the energy equity and justice docket, Docket No. 2022-0250. These previous and ongoing investigations would be reflected in the scope of the investigatory docket.

The Commission believes that it would be beneficial to first develop a sufficient record through the investigatory docket to determine whether intragovernmental wheeling is in the public interest before implementing appropriate policies and procedures to enable wheeling. The Commission recommends this ongoing docket be allowed to proceed and report back to the legislature prior to establishing any policies and procedures that may have unintended consequences.

Thank you for the opportunity to testify on this measure.



INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS LOCAL UNION 1260 EMPOWERING THE PACIFIC

THIRTY-THIRD LEGISLATURE, 2025, Joint Committee on Energy and Intergovernmental Affairs and Government Operations

HEARING DATE: Thursday, January 30, 2025

TIME: 3:00 p.m.

PLACE: Senate Committee Room 225

RE: Senate Bill 133- OPPOSE

Aloha Honorable Chair(s) Wakai and McKelvey, Vice-Chair(s) Chang and Gabbard, and Joint Committee Members;

The International Brotherhood of Electrical Workers Local 1260 (IBEW 1260) would like to offer the following testimony in OPPOSITION to Senate Bill 133.

IBEW Local 1260, is comprised of approximately 3,000 members throughout Hawaii and Guam and consists of a diverse and highly-skilled workforce that supports the electric utility infrastructure across our state as well as government service contracts and broadcasting. It's our duty to serve and to protect the well-being of our members, but beyond that, it is incumbent upon all of us to serve and protect the well-being of our island home.

SB133 authorizes state facilities to wheel electricity that is produced by their own facility from renewable energy sources to another state facility pursuant to administrative rules established by the public utilities commission.

IBEW Local 1260 generally supports the intent of this measure, however we do not believe that wheeling has been fully vetted. The safety of our members and the State's electric utility workforce is of paramount concern when integrating third-party non-utility power generation into a utility's distribution infrastructure. The public utilities commission has re-opened discussions (Public Utilities Commission Docket No. 2024-0200) to explore the efficacy of such concepts, but have yet to provide clear guidance.

Until the time that such guidance from the PUC is provided and all concerns have been fully discussed, vetted, and addressed, IBEW Local 1260 believes any effort to authorize wheeling is premature and could adversely affect the electric utility's capacity to provide firm, safe, and reliable energy to the people of Hawaii. Moreover, the safety of the public and of the electric utility workforce must be considered and addressed before any such measure is adopted. Hawaii depends on a stable, reliable, resilient, and safe electric utility. As such we respectfully request that you HOLD this measure.

Mahalo for the opportunity to testify.



Testimony Before the Senate Committees on Energy and Intergovernmental
Affairs and Government Operations

By David Bissell
President and Chief Executive Officer
Kaua'i Island Utility Cooperative
4463 Pahe'e Street, Suite 1, Līhu'e, Hawai'i, 96766-2000

Thursday, January 30, 2025; 3:00 pm
Conference Room #225 & Videoconference

Senate Bill No. 133 - RELATING TO ENERGY

To the Honorable Chairs Glenn Wakai and Angus L.K. McKelvey, Vice Chairs Stanley Chang and Mike Gabbard,
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 opposes this measure.

Following the 2024 legislative session, in response to requests from the state legislature, the Hawai'i Public
Utilities Commission (PUC) opened Docket No. 2024-0200 for the purpose of determining what role wheeling
should play in Hawai'i for the benefit of the renewable energy transition, starting with intragovernmental
wheeling. The docket is focused on the following two objectives:

1. To determine if intragovernmental wheeling is in the public interest by November 2025; and
2. To implement intragovernmental wheeling policies and procedures, if the Commission determines such to be in
the public interest pursuant to this investigation.

KIUC is a participant in this docket and the parties have been actively discussing the issues involved with wheeling
over the past several months. We recommend that no action be taken regarding intergovernmental wheeling
until the PUC has finished its work under Docket No. 2024-0200.

Mahalo for your consideration.



**Hawaiian
Electric**

**TESTIMONY BEFORE THE SENATE COMMITTEES ON
ENERGY AND INTERGOVERNMENTAL AFFAIRS &
GOVERNMENT OPERATIONS**

**SB 133
Relating to Energy**

Thursday, January 30, 2025
3:00 pm

State Capitol, Conference Room 225 & Videoconference

James Abraham
Associate General Counsel
Hawaiian Electric

Dear Chairs Wakai and McKelvey, Vice Chairs Chang and Gabbard, and Members of the Committees,

My name is James Abraham and I am submitting testimony on behalf of Hawaiian Electric **in opposition** to SB 133, Relating to Energy.

Hawaiian Electric supports programs that aid renewable energy by enabling customers to use their renewable energy systems more effectively; however, the utility also recognizes the importance of equity and ensuring that the benefits of wheeling are balanced with any additional costs or burdens that may be placed on non-wheeling customers. Hawaiian Electric appreciates that this bill takes into account these considerations and seeks to protect non-wheeling customers from detrimental cost shifting.

However, Hawaiian Electric believes that this bill is unnecessary because it seeks to require a process that is already underway. The Public Utilities Commission has an ongoing docket to examine wheeling in Hawai'i (Docket No. 2024-0200), which has involved various public and private stakeholders. In 2024, the Commission conducted

outreach to various State, county, and federal governmental agencies to gauge interest in intra-governmental wheeling. On December 9, 2024, the Commission hosted the first Stakeholder Meeting, which was attended by approximately 85 attendees. The primary goals of this initial meeting were to (1) allow attendees to gain a clear understanding of the docket's goals and objectives; (2) discuss the working definition of wheeling; (3) address stakeholder feedback; and (4) have Hawaiian Electric present on the technical feasibility for wheeling. The Commission has expressed plans for four more Stakeholder Meetings by September 2025, and stated that it plans to come to a decision on whether wheeling among governmental agencies is in the public interest by November 2025. If the Public Utilities Commission determines intragovernmental wheeling to be in the public interest pursuant to their investigation, it stated that the next step is to implement intragovernmental wheeling policies and procedures. Accordingly, Hawaiian Electric recommends that these important and complex matters get fully vetted and determined with the right stakeholders through the ongoing regulatory process before the Commission.

For these reasons, Hawaiian Electric **opposes** SB 133. Thank you for this opportunity to testify.