



# HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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Testimony of  
**SCOTT J. GLENN, Chief Energy Officer**

before the  
**HOUSE Committee on ENERGY & ENVIRONMENTAL PROTECTION**

Tuesday, February 1, 2022  
9:00 AM  
State Capitol, Conference Room 325

In SUPPORT of  
**HB 1524**  
**RELATING TO ENERGY RESOURCES.**

Chair Lowen, Vice Chair Marten, and Members of the Committee, the Hawaii State Energy Office (HSEO) supports HB 1524, which amends the definition of "petroleum product" to mean any product derived from the distillation of crude oil.

HSEO's comments are guided by its mission to promote energy efficiency, renewable energy, and clean transportation to help achieve a resilient, clean energy, decarbonized economy.

HSEO agrees that the current definition of "petroleum product" could be improved, as it implies but does not appear to explicitly require that it include any and all products derived from petroleum. Of note is that the current definition does not include all petroleum products utilized by the state's electric utilities for power generation. The deficiency in the current definition could potentially leave a gap in protection against unfair trade practices.

One such instance was Docket No. 2020-0090 concerning the fuel supply contract between Hawaiian Electric and Par Hawaii Refining LLC ("Par"). HSEO was a party to represent the State's interest in energy security. Ultimately, HSEO did not oppose approval of the contract amendment to increase the price of fuel oil as HSEO could not definitively determine there would not be an impact on energy security if Par were to cancel the contract, leading to the potential ceasing of on-island refining

at the onset of the COVID-19 pandemic. In Order 37857 in Docket No. 2020-0090, issued on July 6, 2021, the Commission found that if they did not approve “the First Amendment there is a significant risk that Par will seek to terminate the Original Fuel Supply Contract” and that “If Par attempts to terminate the Original Fuel Supply Contract, it will most likely cause fuel supply security issues on Oahu and potentially elsewhere in the State.”

HSEO has a statutory interest in maintaining energy security in Hawaii. Energy is one of the Federal Emergency Management Agencies identified Community Lifelines which are the most fundamental services in the community that, when stabilized, enable all other aspects of society to function. HSEO is the primary and coordinating agency for State Emergency Support Function 12: Energy (“SESF 12”). As Hawaii continues to displace fossil fuels with increasing levels of renewable energy, there is the potential for market disruptions. It is critical that all petroleum products that Hawaii is dependent upon for energy security have appropriate consumer protections to ensure a smooth transition to a net-negative carbon economy.

Thank you for the opportunity to testify.