



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

DAVID Y. IGE
GOVERNOR

SCOTT J. GLENN
CHIEF ENERGY OFFICER

235 South Beretania Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone:
Web:

(808) 587-3807
energy.hawaii.gov

Testimony of
SCOTT J. GLENN, Chief Energy Officer

before the
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

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10:00 AM
State Capitol, Conference Room 229 & Videoconference

SUPPORT
HB 2089 HD1, SD1
RELATING TO RENEWABLE PORTFOLIO STANDARDS.

Chair Baker, Vice Chair Chang, and Members of the Committee, the Hawai'i State Energy Office (HSEO) strongly supports HB 2089, HD1, SD1, an Administration measure, which amends the definition of "renewable portfolio standard" to be a percentage of electrical energy generation, rather than sales, excluding customer-sited fossil fuel generation; expands the events or circumstances that are beyond an electric utility company's reasonable control to include non-renewable energy generated by electric generation facilities over or of which the electric utility does not have direct control or ownership; and requires electric utility companies to track and annually report data and trends on customer retention and attrition to further inform the calculation of the renewable portfolio standards.

The Senate Committee on Commerce and Consumer Protection (CPN) heard the companion bill, SB 3057 on February 24, 2022 and passed the measure with amendments on March 1, 2022. Standing Committee Report No. 2847 reported several amendments to the measure. One amendment contained in SB 3057 SD2, unfortunately, has drawn the opposition of a key stakeholder, Hawaiian Electric.

HSEO would like to ask your consideration to pass HB 2089 HD1 SD1 with a corrected date to take effect July 1, 2022. The version HB 2089 HD1 received the support of all key stakeholders and focuses narrowly on correcting the core issue of

how to calculate the renewable portfolio standard and the SD1 makes a minor amendment. As CPN is the last committee for this measure, inserting a correct effective date would allow this measure to move forward toward an early, successful resolution for all involved.

HSEO finds that HB2089 HD1, SD1 acknowledges the importance of activities and policies beyond those of the utility, while clarifying and increasing the statutory renewable energy requirements applicable to Hawai'i's electric utilities after 2030.

Importantly, the bill allows the law's existing provisions for necessary adjustment by the Public Utilities Commission, including adjustments of requirements, and penalties and incentives, to remain in place.

It has been generally understood for several years that the calculation should and must change to be consistent with public understanding, Hawai'i's policies (including the enactment in 2018 of Hawai'i's carbon net negative goal),¹ and increasing concerns over continued reliance on imported fossil fuels.

Making this change now, just after completing the 2020 milestone and several years in advance of the 2030 milestone, gives a greater degree of clarity and certainty to Hawai'i's electric utilities, as well as to the public, regarding Hawai'i's "100% renewable" objective.

It is important that we make this change at this time. As noted in the bill, it would be possible to reach the "100 per cent renewable portfolio standard" (with the current definition, based on sales) with only 79 per cent of Hawai'i's electricity produced from renewable sources and the other 21 per cent still generated from fossil fuel.

When the original version of the renewable portfolio standards law was enacted, over twenty years ago, there were several competing objectives that led to the bill language as it exists today, in which a formula is used to calculate the renewable energy percentage in a way that does not accurately capture the amount of renewable energy on the system and allows for greater use of fossil fuels. HSEO believes that the more intuitively correct approach to the RPS calculation, in addition to numerous

¹ [Section 225P-5, Hawai'i Revised Statutes](#).

policies, incentives, requirements, and other constraints, will together accelerate the reduction in the use of fossil fuels to generate electricity in Hawai'i.

I thank the Committee for hearing this bill and respectfully request your approval of it. Thank you for the opportunity to testify.