



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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Testimony of
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before the
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Thursday, March 17, 2022
9:00 AM
State Capitol, Conference Room 325 & Videoconference

**OPPOSE
SB 2510, SD2
RELATING TO RENEWABLE ENERGY.**

Chair Lowen, Vice Chair Marten, and Members of the Committee, the Hawai'i State Energy Office (HSEO) opposes SB 2510, SD2, in which:

SECTION 2, starting on page 2 of the bill, adds four objectives to the list of items to be considered when planning for Hawai'i's energy systems:

- establishing an objective to differentiate between "intermittent" and "firm" renewable (electricity) generation;
- stating as an objective, the replacement of fossil fuel generation with "firm" renewable generation;
- establishing a fixed minimum percentage of "55% firm," with a legislative concurrent resolution required for any changes;
- establishing a fixed maximum percentage of "45%" for any one type of renewable generation, with a legislative concurrent resolution required for any changes; and
- prohibiting fossil fuel generation after December 31, 2045, with specific exemptions, with a legislative concurrent resolution required for extensions to the deadline.

The definitions of "firm renewable energy" and "intermittent renewable energy" are also in SECTION 2 of the bill, on pages 8 and 9.

SECTION 3, starting on page 9 of the bill, adds renewable energy to Section 226-10, Hawaii Revised Statutes (HRS), “Objective and policies for the economy--potential growth and innovative activities.”

SECTION 4, starting on page 12 of the bill, adds renewable energy to HRS section 226-103, “Economic priority guidelines.”

SECTION 5, starting on page 17 of the bill, adds “incentives to encourage the development of firm renewable energy to replace fossil fuel generation” to HRS section 226-103(f), “Priority guidelines for energy use and development.”

SECTION 6, starting on page 18 of the bill, adds three new items to the section on preparation and update of State functional plans:

- requires state agencies to gain the approval of the Office of Planning and Sustainable Development (OPSD) for their plan;
- requires OPSD to file an annual report to the legislature “regarding the status of the plan and related policies;” and
- assigns to OPSD the responsibility to update the “energy state functional plan” to include “a diversified renewable energy portfolio and firm renewable energy...” for submission to the Legislature prior to the 2023 legislative session.

SECTION 7, starting on page 21 of the bill, directs the Hawai'i Natural Energy Institute (HNEI) to “update the minimum percentage of firm renewable generation for each island and the maximum proportion of any one renewable energy source on each island.”

SECTION 8, starting on page 22 of the bill, appropriates funds for HNEI, and SECTION 9, starting on page 22 of the bill, appropriates funds for OPSD.

HSEO opposes SECTION 2 and SECTION 6 of the bill.

Regarding SECTION 2 of the bill, HSEO is concerned that establishing rigid statutory constraints between “firm” and “intermittent” electricity generation may interfere with the development of an optimized system that balances energy security, grid reliability, and cost control based on available technologies, resources, and needs of Hawai'i's energy systems at the time. Also, adding a step of revising a statute or adopting a concurrent resolution after receiving bids and before approving contracts could result in significant delays and uncertainties in energy projects of all types, further raising the cost of the renewable energy transition.

Regarding SECTION 6 of the bill, HSEO opposes the assignment of HSEO's functions and responsibilities to another agency. No especial reason is presented for treating the energy functional plan differently in the State Planning Act from other functional plans or that OPSD should have a particular oversight authority regarding energy planning. HSEO recommends that the proposed new paragraph (d), beginning on page 20, be removed.

~~(d) The office of planning and sustainable development shall update the energy state functional plan to include a diversified renewable energy portfolio and firm renewable energy for electricity generation to enhance the State's energy security, resilience, and sustainability. The updated energy state functional plan shall be integrated into any future updated functional plans. The updated energy state functional plan shall be submitted to the legislature no later than twenty days prior to the convening of the 2023 legislative session. The office of planning and sustainable development shall submit an annual report to the legislature regarding progress to the energy state functional plan. The energy state functional plan may be updated every five years.~~

As noted in the existing language of HRS Section 226-55(a), "The state agency¹ head primarily responsible for a given functional area shall prepare and periodically update the functional plan for the area." In the case of energy, the state agency head is the Chief Energy Officer, a new position created in 2019 pursuant to Act 122 and assigned energy-related responsibilities from the Director of the Department of Business, Economic Development, and

¹ "State agency" means any department, office, board, or commission of the State, or the University of Hawaii. HRS §226-2.

Tourism, per Act 122². HSEO is willing to lead the update to the state energy functional plan in close coordination with OPSD, pursuant to existing statute, and requests that any funds or reporting requirements provided by this measure support HSEO in fulfilling its responsibility under the Hawai'i State Planning Act.

Regarding updating of the functional plan for energy, HSEO agrees that a coordinated approach to achieving Hawai'i's energy and decarbonization goals is appropriate. Previous comprehensive integrated planning efforts, including the [Energy Functional Plan](#) (1991), the [Hawaii Energy Strategy](#) (1992-1994), [Hawaii Energy Strategy Update](#) (2000), and the [Hawaii Clean Energy Initiative](#) (2008-2010), are out of date. Current related planning efforts for specific parts of the energy sector (for example, power supply improvement plan, integrated grid planning, integrated resources planning effort of Hawai'i Gas, triennial plan of Hawai'i Energy) are in-depth efforts that need to be included in the overall strategy.

Also pertaining to SECTION 6 of the bill, HSEO observes the language in the proposed new paragraph (e), beginning on page 21, line 5, significantly changes the role of OPSD. HSEO recommends that this item be removed:

~~[(e) Any agency that does not comply with this plan shall gain approval by the office of planning and sustainable development. Any disputes shall be appealed to the governor.]~~

Regarding SECTIONS 3, 4, and 5 of the bill, HSEO agrees that energy research, technologies, and innovation have great potential for development, application, economic diversification, and energy security for Hawai'i.

Regarding SECTION 7 of the bill, HSEO looks forward to working with HNEI on studies planned or conducted as part of this measure should it move forward.

Thank you for the opportunity to testify.

² Per Act 122 (SLH 2019): "The legislature's intent is to establish in statute an energy agency with a clear mission, established guidance, transparent reporting, and accountable leadership that will assist both the public and private sectors in achieving the State's energy goals. More specifically, the purpose of this Act is to:

(1) Establish the Hawaii state energy office as an attached agency to the department of business, economic development, and tourism and a chief energy officer position within the office;

(2) Transfer the duties and responsibilities of the energy resources coordinator, which are currently assigned to the director of business, economic development, and tourism, along with the functions of the renewable energy facilitator, functions of the existing state energy office, and all employees of the state energy office to the Hawaii state energy office and chief energy officer;" (pp. 443-444).