



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 ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM

Monday, January 31, 2022
3:00 PM
State Capitol, Conference Room 224 & Videoconference

in consideration of
SB 2511
RELATING TO TAXATION.

Chair Wakai, Vice Chair Misalucha, and Members of the Committee, the Hawaii State Energy Office (HSEO) offers comments on Senate Bill 2511, which expands the renewable energy technologies income tax credit to include firm renewable energy systems and would provide a tax credit equal to a percentage (undefined at this time) of the cost of the system, up to a maximum of \$750,000.

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.

To the extent that taxes and tax credits express the desire of the Legislature to encourage, discourage, or accelerate the accomplishment of state objectives, it is appropriate to adjust incentives for certain renewable energy capabilities such as a desired level of availability and dispatchability (e.g., "firm") in the Renewable Energy Technologies Income Tax Credit.

HSEO notes that the bill's definition of "firm renewable energy system" does not address the potential availability of renewable fuel to the facility as a condition of operation of the facility. Fuel supply availability is typically assumed in characterizing fossil fuel energy as firm. This is not an issue for renewable technologies such as

geothermal, ocean thermal energy conversion, or wave energy systems, which do not require fuel to operate.

HSEO also notes that many firm renewable energy systems produce alternating current rather than direct current. The effect of the minimum size threshold may have unknown impacts to Hawaii meeting its renewable energy goals.

HSEO defers to the appropriate agency for comment on implementation. HSEO supports the intent of this bill provided that its passage does not replace or adversely impact priorities indicated in the Executive Supplemental Budget.

Thank you for the opportunity to testify.