



# HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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

before the  
**SENATE COMMITTEE ON WAYS AND MEANS**

Tuesday, February 22, 2022  
10:00 AM  
State Capitol, Conference Room 211 & Videoconference

**COMMENTS  
SB 2511, SD1  
RELATING TO TAXATION.**

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee, the Hawai'i State Energy Office (HSEO) offers comments on SB 2511, SD1, 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 of the cost of the system, up to a maximum of \$750,000.

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 appreciates that the Senate Draft 1 improves the bill's definition of "firm renewable energy system," avoiding the issue of fuel supply availability as a condition of operation. For consistency in definitions and usage of terms, HSEO recommends that the bill refer to the definition of renewable energy contained in [Section 269-91](#), Hawai'i Revised Statutes.<sup>1</sup> HSEO also notes that the effects of the minimum size threshold on

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<sup>1</sup> "Renewable energy" means energy generated or produced using the following sources: (1) Wind; (2) The sun; (3) Falling water; (4) Biogas, including landfill and sewage-based digester gas; (5) Geothermal; (6) Ocean water, currents, and waves, including ocean thermal energy conversion; (7) Biomass, including biomass crops, agricultural and animal residues and wastes, and municipal solid waste and other solid waste; (8) Biofuels; and (9) Hydrogen produced from renewable energy sources.

the use of the credit, or on project sizing, are unknown; and that there appears to be ambiguity regarding whether the \$750,000 cap refers to the maximum amount of credit per system or to the portion of the installed cost eligible for the credit.

Regarding the requirement to use a methodology approved or adopted by National Renewable Energy Laboratory (NREL) in order to show the lifecycle carbon emissions of the system,<sup>2</sup> HSEO appreciates the reasoning for this approach. HSEO is in contact with NREL regarding methods. It is unclear that a straightforward application of NREL's research is readily available for a potential taxpayer seeking to meet the requirements as proposed in SB 2511 SD1. Another possible standard for consideration is the International Organization for Standardization (ISO) 14040, "Environmental management — Life cycle assessment — Principles and framework." While this is an internationally recognized standard, accessing it is not free to the general public.

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

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.

Thank you for the opportunity to testify.

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<sup>2</sup> National Renewable Energy Laboratory:

- [Life Cycle Assessment Harmonization](#)
- [2-page factsheet, Life Cycle Greenhouse Gas Emissions from Electricity Generation: Update](#)
- [Analysis and Tools](#)