



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
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

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

**COMMENTS
SB 2511 SD2
RELATING TO TAXATION.**

Chair Lowen, Vice Chair Marten, and Members of the Committee, the Hawai'i State Energy Office (HSEO) offers comments on SB 2511, SD2, which expands the renewable energy technologies income tax credit to include firm renewable energy systems and caps the total amount of tax credits for each firm renewable energy system at \$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 notes that "renewable energy" is not defined. 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.¹

HSEO notes that the bill's definition of "firm renewable energy system" does not address the potential availability of fuel to the facility as a condition of operation of the

¹ "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.

facility. 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 notes that a “firm” generation facility (such as a generator that burns fuel) can, if combined with a system that uses energy available on-site, operate for a longer period in the event of a fuel shortage than one that is purely dependent on receipt of shipments of fuel. In periods of normal operation, fuel supplies last longer when supported by energy production by wind and solar (with batteries firming and smoothing energy output). Therefore, hybrid systems can also meet the definition of “firm.”

HSEO notes that the effects of the minimum size threshold on the use of the credit, or on project sizing, are unknown.

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.