



# HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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Testimony of  
**MARK B. GLICK, Chief Energy Officer**

before the  
**SENATE COMMITTEES ON  
ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM  
AND  
COMMERCE AND CONSUMER PROTECTION**

Tuesday, February 13, 2024  
9:00 AM  
State Capitol, Conference Room 229 and Videoconference

Providing Comments on  
**SB 2964**

**RELATING TO RENEWABLE ENERGY.**

Chairs DeCoite and Keohokalole, Vice Chairs Wakai and Fukunaga, and members of the Committees, the Hawai'i State Energy Office (HSEO) offers comments in support of the intent of SB 2964 that would (1) modify the definition of "public utility" to remove the specific language that states that "nothing in this section shall be construed to permit wheeling" and (2) add a section to Chapter 269, Public Utilities Commission, that permits independent renewable energy generators to engage in retail wheeling of renewable energy used to produce hydrogen, provided that a "third-party" electric utility shall be fairly compensated in accordance with a tariff adopted by the public utilities commission, via rules adopted pursuant to chapter 91, no later than December 31, 2024.

HSEO agrees that wheeling – including scope, definitions, and what would constitute "fairly compensating the [third-party]<sup>1</sup> utility for utilizing its existing infrastructure" is an appropriate topic for consideration, evaluation and decision-making. As a ratemaking matter, wheeling can have deep and varied impacts to ratepayers and

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<sup>1</sup> It should be noted that elsewhere in chapter 269 the term "third-party" refers to an entity that is not the regulated utility (third-party administrator, third-party data access, third-party authorization). If the term "third-party" is not needed here, HSEO recommends its removal.

energy consumers and involves many of the pricing, location, interconnection, and time of transmission issues currently under consideration in proceedings such as the distributed energy resource policies<sup>2</sup> and performance-based regulation<sup>3</sup> dockets.

As contemplated in SB 2964, permitting independent power producers to capture and use curtailed renewable energy, or intermittent renewable energy that cannot be integrated into the grid during times of grid saturation, for the downstream production of hydrogen is a valid concept. While the long-time sentiment in Hawai'i<sup>4</sup> has been that "wheeling should be addressed at a later time,"<sup>5</sup> the urgency to reduce and ultimately eliminate the harmful economic impacts of oil price volatility in the transportation and electricity sector makes careful evaluation and consideration of wheeling timely and prudent. Shared solar programs are examples of wheeling that has served the public interest throughout Hawai'i and provided value to ratepayers since passage of the underlying law permitting it in 2015.

Due to the importance and complexity of the topic<sup>6</sup> among other urgent issues to be decided, particularly in the aftermath of the Maui wildfires, HSEO recommends that the PUC be given discretion to determine the appropriate regulatory proceeding or process that it should undertake, i.e. administrative rules or the docket process assuming the measure is adopted.

Thank you for the opportunity to testify.

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<sup>2</sup> Docket No. 2019-0323, <https://puc.hawaii.gov/energy/der/>

<sup>3</sup> Docket No. 2018-0088, <https://puc.hawaii.gov/energy/pbr/>

<sup>4</sup> Docket No. 2007-0176, opened in 2007, was limited to the wheeling of electricity between governmental entities and did not encompass retail wheeling. That docket was suspended on December 8, 2008, to "allow for the conservation of limited resources." Since many of the interconnection, control, and technical questions were the same, discussion moved to the Reliability Standards Working Group, part of the Feed-in Tariff docket (Docket No. 2008-0273) and has continued since then. The many topics, from power generation (intermittent, firm, dispatchable, in-fill, excess, renewable, emissions); interconnection (location, timing, value, cost, technical feasibility), line capacity (timing, capacity factors, limits, losses, heating, transformers, prioritization, congestion pricing, expansion, location, circuit limits, voltage support), use (time of use, customer class, ratepayer impacts, demand response, aggregator services) have been discussed, quantified, and sometimes set aside for future evaluation in subsequent dockets.

<sup>5</sup> Hawaiian Electric, Docket No. 2018-0163, Microgrid Working Group ... February 10, 2021, footnote 20: "...as a general matter, the Commission believes retail wheeling will likely require additional discussion after the filing deadline and as such, this issue should be addressed at a later time..."

<sup>6</sup> Energy Law Journal, [https://www.eba-net.org/wp-content/uploads/2023/02/14\\_25EnergyLJ1612004.pdf](https://www.eba-net.org/wp-content/uploads/2023/02/14_25EnergyLJ1612004.pdf)