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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Tuesday, February 27, 2024
10:01 AM
State Capitol, Conference Room 229 & Videoconference

Providing Comments on
SB 3194, SD1

RELATING TO ENERGY.

Chair Keohokalole, Vice Chair Fukunaga, and members of the Committee, the Hawai'i State Energy Office (HSEO) offers comments on SB 3194, SD1, that (1) modifies the definition of "public utility" to remove the specific language that states that "nothing in this section shall be construed to permit wheeling" (2) adds a section to Chapter 269, Public Utilities Commission, stating that independent renewable energy generators may engage in retail wheeling of renewable electricity; (3) sets a deadline of December 31, 2025 for the public utilities commission to establish policies and procedures to implement retail wheeling, by rule or order; (4) requires the PUC to submit a report of its findings and recommendations to the legislature prior to the convening the 2026 legislative session; and (5) requires the PUC to evaluate the need to adopt customer protection measures.

HSEO agrees that wheeling is an appropriate topic for consideration, evaluation and decision-making. As a ratemaking matter, wheeling can have deep and varied impacts to ratepayers and 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 policies¹ and performance-based regulation² dockets.

Due to the complexity of the topic, HSEO respectfully recommends a limited scope initially. For example, SB 2964 contemplates allowing wheeling for the production of hydrogen, and SB 2822 contemplates wheeling of power between State facilities. While the long-time sentiment in Hawai'i³ has been that "wheeling should be addressed at a later time,"⁴ 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 topic⁵ 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 timing.

Thank you for the opportunity to testify.

¹ Docket No. 2019-0323, <https://puc.hawaii.gov/energy/der/>

² Docket No. 2018-0088, <https://puc.hawaii.gov/energy/pbr/>

³ 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.

⁴ 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..."

⁵ Energy Law Journal, https://www.eba-net.org/wp-content/uploads/2023/02/14_25EnergyLJ1612004.pdf