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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
SENATE COMMITTEE ON WAYS AND MEANS

Friday, March 1, 2024
9:55 AM
State Capitol, Conference Room 211 and Videoconference

In Support of
SB 2770

RELATING TO RENEWABLE ENERGY.

Chair Dela Cruz, Vice Chair Moriwaki, and members of the Committee, the Hawai'i State Energy Office (HSEO) supports SB 2770 that authorizes the counties to establish, by ordinance, an opt-in program that allows an annual payment in lieu of real property taxes on the land or improvements thereon that are actively used to produce or store renewable energy sold to an electric utility.

This measure provides an essential option that may be used by counties at their discretion as an alternative to using the real property tax methodology associated with renewable energy projects. As pointed out in the bill and confirmed by HSEO in its own research, express permission granted by the Legislature through SB 2770 is necessary to allow counties to pursue and adopt such an alternative approach.

This measure does not impose a requirement upon counties. Instead, it offers counties the option to set payments on a per megawatt nameplate capacity basis in lieu of a property tax assessment that might default to a highest and best use scenario that county and state policy makers may deem to be inconsistent with the state's clean energy and decarbonization policies. By greatly reducing development risk and costs, the optional approach set forth in this bill provides predictability for all parties involved. The benefits to the state upon passage and adoption by one or more of the counties

would be improved prices for power purchase agreements and lower rates for electricity ratepayers and customers. It also would provide counties, such as the City and County of Honolulu, a preferable long-term solution to stop-gap solutions, i.e, Ordinance 21-32 due to its complexity and lack of clarity. HSEO confirmed with the City and County of Honolulu that the provisions of this bill are necessary for the County to take this approach, which upon passage would likely be pursued.

In closing, HSEO views SB 2770 as an essential measure to help restore consistency and predictability for future tax revenues of counties by reducing the risk that future renewable energy projects will either be more costly or will not be pursued. Passage will ensure Hawaii continues its progress on replacing fossil fueled electricity generation facilities, reducing exposure to oil price volatility, and advancing the state's renewable energy and energy affordability goals.

If this measure were to be adopted, HSEO pledges its support to the counties that choose to seek adoption of ordinances for an in-lieu payment program relating to renewable energy projects.

Thank you for the opportunity to testify.