



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

235 South Beretania Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone:
Web:

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

MARK B. GLICK
CHIEF ENERGY OFFICER

(808) 451-6648
energy.hawaii.gov

Testimony of
MARK B. GLICK, Chief Energy Officer

before the
SENATE COMMITTEE ON WAYS AND MEANS

Tuesday, February 18, 2025
10:01 AM
State Capitol, Conference Room 211 and Videoconference

In Support of
SB 1220, SD1

RELATING TO RENEWABLE GAS TARIFF.

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee, the Hawai'i State Energy Office (HSEO) supports SB 1220, SD1, which requires gas utility companies to submit proposed renewable gas tariffs to the Public Utilities Commission by August 31, 2025, and the Public Utilities Commission to establish a renewable gas tariff within six months of receiving a proposed renewable gas tariff.

This measure is consistent with renewable energy, economic diversification, and climate change objectives. It recognizes the potential for increased amounts of renewable energy to be incorporated into Hawaii's utility gas supplies in a manner that will enable investment in locally-sourced feedstocks and sources, encourage the development of local markets, and protect other customers from rate increases.

The gas utility in Hawai'i, Hawaii Gas, has long led the nation in hydrogen and renewable natural gas (RNG) integration, laudable achievements. Remaining a leader requires continued progress in this sector for which a renewable gas tariff is a natural step to reasonably pursue HRS §225P State decarbonization goals and provide customer choice to participate in renewable energy that has long been afforded to electric utility customers. A renewable gas tariff has been a topic of discussion in the Hawaii Gas Integrated Resource Plan (IRP) and is a concept that HSEO supports.

HSEO offers the following comment that the language starting on page 3, line 2 "...the proposed tariff does not increase rates for other customers,..." be revised. The purpose of 225P is to address climate change, and §225P-5 (b) states that "After January 1, 2020, agency plans, decisions, and strategies shall give consideration to the impact of those plans, decisions, and strategies on the State's ability to achieve the goals in this section,...". The costs from the "...impacts of global warming and climate change, including rising sea levels, temperatures, and other risk factors..." may not show up in gas rates; however, they could still impact the costs to gas customers due to those risk factors. The language could unnecessarily restrict the consideration of those issues in the development of a tariff, in conflict with §225P-5 (b) which provides direction to State agencies that "After January 1, 2020, agency plans, decisions, and strategies shall give consideration to the impact of those plans, decisions, and strategies on the State's ability to achieve the goals in this section...".

Acknowledging that there is value in establishing a voluntary, pilot-scale tariff in the near term that could simplify the initial stages of the increased production and use of new sources of renewable gas, and that later rate cases or tariffs may benefit from flexibility to incorporate a more comprehensive, holistic approach, HSEO suggests the following revision to the language that starts on page 3, line 14:

initial [~~or revised~~] renewable gas tariff or
tariffs no later than six months after the
filing of a proposed initial renewable gas
tariff; provided that the initial renewable
gas tariff shall not increase rates for other
customers...

In addition, HSEO suggests that language be added to the preamble of SB1220, SD1, referencing Hawai'i's decarbonization and clean energy goals, to provide important context to the measure. HSEO stands ready to work with the legislature to craft such language.

Thank you for the opportunity to testify.