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**Testimony of the Department of Commerce and Consumer Affairs**

**Before the  
House Committee on Energy & Environmental Protection  
Tuesday, February 2, 2021  
8:30 a.m.  
Via Videoconference**

**On the following measure:  
H.B. 561, RELATING TO ENERGY**

Chair Lowen and Members of the Committee:

My name is Dean Nishina, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Division of Consumer Advocacy. The Department supports this bill.

The purposes of this bill are to: (1) require the Public Utilities Commission (Commission) to determine whether analysis of the effect of the State's reliance on fossil fuels is necessary for proceedings involving water, wastewater, or telecommunications providers on an individual basis; and (2) provide that the analysis is not required for an electric or a gas utility's routine system replacements or determinations that do not directly pertain to capital improvements or operations, such as financing requests.

The Department recognizes the negative impact that price volatility of fossil fuels has on consumers and the negative impact of greenhouse gas emissions from fossil fuel use on our environment. Thus, examining the impacts of fossil fuel use by utilities, including water and wastewater utilities and telecommunications providers, is

necessary, and this analysis could be extended to water carriers that the Commission regulates under Hawaii Revised Statutes chapter 271G.

In addition, the Department appreciates how subsection (c) of the bill clarifies that the Commission is not required to conduct greenhouse gas analyses in applications related to utility operations, such as financing or routine matters. The Department suggests that subsection (c) also apply to water, wastewater, telecommunications providers, and water carriers.

Thank you for the opportunity to testify on this bill.

TESTIMONY OF  
JAMES P. GRIFFIN, Ph.D.  
CHAIR, PUBLIC UTILITIES COMMISSION  
STATE OF HAWAII

TO THE  
HOUSE COMMITTEE ON  
ENERGY & ENVIRONMENTAL PROTECTION

February 2, 2021  
8:30 a.m.

Chair Lowen and Members of the Committee:

**MEASURE:** H.B. No. 561

**TITLE:** RELATING TO ENERGY.

**DESCRIPTION:** Requires the public utilities commission to determine whether analysis of the effect of the State's reliance on fossil fuels is necessary for proceedings involving water, wastewater, or telecommunications providers on an individual basis. Provides that the analysis is not required for an electric or gas utility's routine system replacements or determinations that do not directly pertain to capital improvements or operations.

**POSITION:**

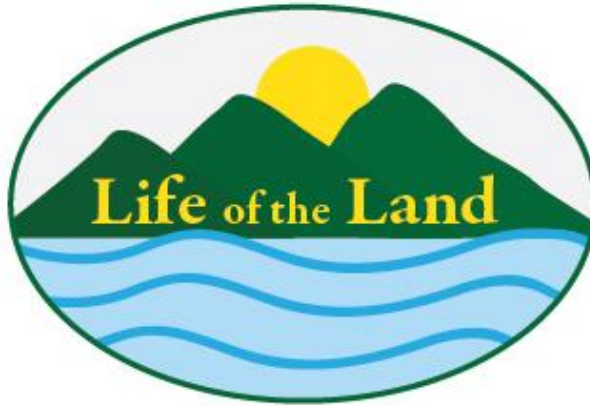
The Public Utilities Commission ("Commission") supports this measure and offers the following comments for consideration.

**COMMENTS:**

The Commission is supportive of this measure's intent to provide greater clarity and flexibility to the Commission with regard to the applicability of these provisions to different industries and types of requests made by public utilities.

The changes proposed in this measure would eliminate the requirement for the Commission to conduct certain analyses when these analyses are not relevant to the decisions at hand. This would allow the Commission to utilize its resources more efficiently, without compromising the statutory intent.

Thank you for the opportunity to testify on this measure.



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#### COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Rep. Nicole E. Lowen, Chair

Rep. Lisa Marten, Vice Chair

DATE: Tuesday, February 2, 2021

TIME: 08:30 am

PLACE: VIA VIDEO CONFERENCE

HB 561 Relating to Energy

Concerns

Aloha Chair Lowen, Vice Chair Marten, and Members of the Committee

Life of the Land is Hawai`i's own energy, environmental and community action group advocating for the people and `aina for 51 years. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

HB 561 "requires the public utilities commission to determine whether analysis of the effect of the State's reliance on fossil fuels is necessary for proceedings involving water, wastewater, or telecommunications providers on an individual basis. Provides that the analysis is not required for an electric or gas utility's routine system replacements or determinations that do not directly pertain to capital improvements or operations."

This bill attempts to modify state law without really doing so.

**Solutions to the climate crisis must be evidence-based, data driven science, that promotes real, measurable, and verifiable change, and the solutions must be equitable, just, and pono.**

The Hawai`i data is just starting to be produced.

More than two dozen lifecycle greenhouse gas analysis have been filed with the PUC resulting from Life of the Land`s two successfully appeals to the Hawai`i Supreme Court.

PAR Hawai`i Refinery sought to renegotiate fuel supply contracts with HECO (docket no. 2020-0090) and Hawai`i Gas (docket no. 2020-1058).

HECO and Hawaii Gas asserted that fuel purchases are not part of “capital improvements and operations” and should not trigger greenhouse gas analysis.

The PUC and Life of the Land disagreed.

The State Energy Office and the Consumer Advocate did not state a position on the issue.

Adding the phrase “DIRECTLY PERTAINING TO electric or gas utility system capital improvements and operations” is ambiguous at best.

Does the State Legislature believe that the exploration, production, importation, and refining of crude petroleum should be analyzed to determine how much greenhouse gases we are responsible for and whether there are ways to reduce the emissions?

Act 234 SLH 2007 (HB 226 SD2 HD2 CD1). “There is established the greenhouse gas emissions reduction task force [] shall prepare a work plan [] The work plan shall include but is not limited to the following objectives [] Recommendations to minimize "leakage" or a reduction in emissions of greenhouse gases within the State that is offset by an increase in emissions of greenhouse gases outside the State.”

HB 561: “The public utilities commission shall determine whether such analysis is necessary for proceedings involving water, wastewater, or telecommunications providers on an individual basis.”

Deciding whether to conduct a greenhouse gas analysis on a case-by-case basis will not streamline the process. Rather it will generate legal appeals.

Mahalo  
Henry Curtis  
Executive Director



**Testimony to the Committee on Energy and Environment Protection**

**Tuesday, February 2, 2021**

**8:30 AM**

**VIA Video Conference**

**Conference Room 325, Hawaii State Capitol**

**HB 561**

Chair Lowen, Vice Chair Marten, and members of the committee,

Hawaii Gas offers comments on HB 561, which requires the public utilities commission to determine whether analysis of the effect of the State's reliance on fossil fuels is necessary for proceedings involving water, wastewater, or telecommunications providers on an individual basis. It also provides that the analysis is not required for an electric or gas utility's routine system replacements or determinations that do not directly pertain to capital improvements or operations.

We support the inclusion of part (c), that “the analysis described in subsection (b) shall not be required for an electric or gas utility’s routine system replacements, such as overhead line determinations, or determinations that do not directly pertain to capital improvements or operations, such as financing requests.”

We recommend that if codifying examples in statute, that a placeholder be provided at this time to allow more discussion with stakeholders. For example, language should be considered and added that makes GHG analysis applicable only during the prudence review, before capital expenses are made. Additionally, some capital improvement projects do not bear a rational relationship to GHG — such as a CIS replacement project — and should, therefore, be excluded from any GHG analysis.

The intent of both sections appears to be to provide the PUC discretion of applying or not applying this statute to certain matters therefore, providing clarity to the underlying intent and application of the discretion in matters consistent to the intent is requested. Hawaii Gas stands ready to take part in those discussions, which will ultimately affect ratepayers.

Thank you for the opportunity to testify.



**Testimony to the Committee on Energy and Environment Protection**

**Tuesday, February 2, 2021**

**8:30 AM**

**VIA Video Conference**

**Conference Room 325, Hawaii State Capitol**

**HB 561**

Chair Lowen, Vice Chair Marten, and members of the committee,

Hawaii Clean Power Alliance (HCPA) offers comments on HB 561, which appears to allow the public utilities commission to determine whether analysis of the effect of the State's reliance on fossil fuels is necessary for proceedings involving water, wastewater, and telecommunications utilities on an individual basis and provides that the analysis is not required for an electric or gas utility's routine system "replacements" or determinations that do not directly pertain to capital improvements or operations.

Hawaii Clean Power Alliance is a nonprofit alliance organized to advance and sustain the development of clean energy in Hawaii. Our goal is to support the state's policy goal of 100 percent renewable energy by 2045. We advocate for utility-scale renewable energy, which is critical to meeting the state's clean energy and carbon reduction goals.

We offer these comments on HB 561.

HRS 269-6(b) was created by the legislature in 2011 and intended to reduce the State's reliance on fossil fuels through energy efficiency and increased renewable generation. This bill proposes to amend this statute and we support further discussion of this bill.

Thank you for the opportunity to testify.

Sincerely,

A handwritten signature in black ink, appearing to read "Frederick Redell".

*Frederick Redell, PE*

*Executive Director*

*(949) 701-8249*

*[www.hawaiicleanpoweralliance.org](http://www.hawaiicleanpoweralliance.org)*





**Hawaiian  
Electric**

LATE

**WRITTEN TESTIMONY BEFORE THE HOUSE COMMITTEE ON  
ENERGY & ENVIRONMENTAL PROTECTION**

**H.B. 561**

**Relating to Energy**

Tuesday, February 2, 2021

8:30 am

State Capitol, Conference Room 325

Kevin Katsura  
Director, Regulatory Non-Rate Proceedings  
Hawaiian Electric Company, Inc.

Chair Lowen, Vice Chair Marten, and Members of the Committee:

My name is Kevin Katsura and I am testifying on behalf of Hawaiian Electric Company **in support** of the intent of H.B. 561 on behalf of Hawaiian Electric Company and its subsidiary utilities Maui Electric Company and Hawai'i Electric Light Company.

Hawaiian Electric Company supports H.B. 561 because it will provide clarity to the types of proceedings before the PUC that require additional procedural steps, such as extensive greenhouse gas (GHG) analyses. H.B. 561 appropriately excludes from the scope of HRS § 269-6(b) routine system replacements or determinations that do not directly pertain to capital improvements or operations.

Accordingly, the Hawaiian Electric Companies support H.B. 561. Thank you for this opportunity to testify.