

**TESTIMONY BEFORE THE SENATE
COMMERCE & CONSUMER PROTECTION AND HEALTH COMMITTEE**

**SB 2641, SD 1
Relating to Public Utilities**

**Friday, February 26, 2016
10:30 am**

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**Rich Barone
Manager, Demand Response
Hawaiian Electric Company, Inc.**

Chair Baker, Vice Chair Kidani, and Members of the Committee:

My name is Rich Barone and I am testifying on behalf of Hawaiian Electric Company and its subsidiary utilities, Maui Electric Company and Hawaii Electric Light Company (collectively, the "Hawaiian Electric Companies").

Senate Bill 2641, SD 1 requires the Public Utilities Commission ("PUC") to establish "preferential off-peak rates for the purchase of energy that is used or consumed for agricultural activities." The bill further requires the PUC to require electric and gas utilities to develop energy storage technology incentive programs to provide incentives to agricultural customers to acquire energy storage technology for use at the agricultural customers' sites.

The Hawaiian Electric Companies acknowledge both that agriculture is an important customer segment, and that it is prudent, if not essential, to explore incentive programs that promote flexible technologies such as energy storage that can help manage the grid as we transition into 100% renewable portfolio future. However, the Companies oppose this particular bill as a means to address these points.

Regarding preferential off-peak rates and incentive programs for energy storage, there are several ongoing dockets that address these issues within the context of time of use rates, Distributed Energy Resources ("DER") and Demand Response ("DR"). For example, the Companies are currently actively exploring and defining incentive programs that contemplate storage as one of several end uses. These programs, which are designed to deliver a variety of grid services, are currently undergoing an earnest and vigorous investigation in terms of the technical, operational and economic viability. If the PUC is required to require the Companies to advance a program, it may not be in the collective customers' best economic interest because such an incentive program may not be as cost effective as delivering a comparable service at a lower cost.

Therefore, the Hawaiian Electric Companies contend that any requirements for preferential rates or incentive programs for a particular customer class or technology

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should be part of a prudent PUC process that considers the impact to the integrated grid as well as all customers to avoid unintended consequences.

Thank you for the opportunity to testify.