

Honolulu, Hawaii

**FEB 17**, 2006

RE: H.B. No. 3222  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which  
was referred H.B. No. 3222, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose of this bill is to allow Hawaii to become a  
leader in the development of renewable hydrogen technologies and  
move the State toward a renewable hydrogen economy by:

- (1) Establishing the Hawaii Renewable Hydrogen Program  
(Program) to manage the State's transition to a  
renewable hydrogen economy;
- (2) Establishing the Hydrogen Investment Capital Special  
Fund to seed private and federal projects for the  
deployment of hydrogen systems;
- (3) Directing the Department of Business, Economic  
Development, and Tourism (DBEDT), Hawaii Natural Energy  
Institute, and Natural Energy Laboratory Hawaii  
Authority (NELHA) to design a distributed energy storage  
microgrid demonstration project to transport energy to  
NELHA;
- (4) Directing the Public Utilities Commission (PUC) to  
regulate the microgrid; and



(5) Appropriating funds for the Program.

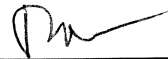
NELHA, Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Ltd., supported this bill in part and commented. Rocky Mountain Institute provided testimony in support of this measure with amendments. The Consumer Advocate and DBEDT supported the intent of this bill. PUC and Puna Geothermal Venture commented.

When your Committee heard this measure, the testimony was unanimously in favor of the portions of the bill establishing the Hawaii Renewable Hydrogen Program. However, there was much concern and opposition directed at the establishment of a distributed energy storage microgrid demonstration project. In particular, there were questions as to whether the ratepayers would be carrying the additional cost of the project, or if it would serve to maximize efficiency and reduce costs in energy generation and utilization.

These concerns merit further consideration, and your Committee respectfully requests the Committee on Finance to examine these issues.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3222, H.D. 1, and recommends that it be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Consumer  
Protection & Commerce,



---

ROBERT N. HERKES, Chair



