

STAND. COM. REP. NO.

3078

Honolulu, Hawaii
MAR 24 2006

RE: H.B. No. 3053
H.D. 1
S.D. 1

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Energy, Environment, and International
Affairs, to which was referred H.B. No. 3053, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY,"

begs leave to report as follows:

The purpose of this measure is to allow the public utilities
commission to establish standards that prescribe what portion of
the renewable energy standards are to be met by specific types of
resources; provided that at least fifty percent of the renewable
portfolio standards are met by electrical energy produced by wind,
solar energy, hydropower, landfill gas, waste to energy,
geothermal resources, ocean thermal conversion, wave energy,
biomass, including municipal solid waste, biofuels, or fuels
derived from renewable energy or fuel cells where the fuel is
derived from renewable sources.

The Public Utilities Commission, the Office of Hawaiian
Affairs, Hawaiian Electric Company Inc., Maui Electric Co., Hawaii
Electric Light Co., the Hawaii Renewable Energy Alliance, the
Hawaii Energy Policy Forum, the Sierra Club Hawaii Chapter, Life
of the Land, and Rocky Mountain Institute submitted testimony in
support of this measure. The Department of Business, Economic
Development, and Tourism, and the Department of Commerce and
Consumer Affairs submitted comments. Honolulu Seawater Air
Conditioning LLC submitted testimony in opposition.



Your Committee finds that the State needs to reduce its dependence on oil. The energy cost adjustment clause contributes to the continued use of oil by allowing the energy utilities to avoid all financial risks associated with the costs of fuel and fuel price volatility by passing these costs through to their customers.

Upon further consideration, your Committee amended this measure by:

- (1) Deleting all of the original provisions;
- (2) Adding the definitions of "fuel adjustment clause" and "fuel oil" to section 269-1, Hawaii Revised Statutes (HRS);
- (3) Amending section 269-16, HRS, to require the Public Utilities Commission, by December 31, 2007, to determine whether to:
 - (A) Eliminate the fuel adjustment clause; or
 - (B) Establish ratemaking provisions that amend the fuel adjustment clause to share fuel oil cost increases and decreases between utility shareholders and utility customers; and
- (4) Making the measure effective upon approval.

The amended measure should motivate electricity suppliers to pursue renewable energy.

As affirmed by the record of votes of the members of your Committee on Energy, Environment, and International Affairs that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3053, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3053, H.D. 1, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Housing.



Respectfully submitted on
behalf of the members of the
Committee on Energy,
Environment, and International
Affairs,



J. KALANI ENGLISH, Chair



