

Honolulu, Hawaii

MAR 24 2006

RE: H.B. No. 3222
H.D. 2
S.D. 1

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

Sir:

Your Committees on Energy, Environment, and International Affairs and Commerce, Consumer Protection, and Housing, to which was referred H.B. No. 3222, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

beg leave to report as follows:

The purpose of this measure is to establish the Hawaii renewable hydrogen program to manage the State's transition to a renewable hydrogen economy; establish the hydrogen investment capital special fund to seed private and federal hydrogen system projects; and appropriate funds for the program and special fund.

The Department of Business, Economic Development and Tourism; the Department of Commerce and Consumer Affairs, the University of Hawaii System, the Office of Hawaiian Affairs, Hawaiian Electric Company, Maui Electric Co., Hawaii Electric Light Co., Rocky Mountain Institute, the Hawaii Energy Policy Forum, and the Hawaii Renewable Energy Alliance submitted testimony in support of this measure. Life of the Land submitted comments.

Your Committees find that Hawaii needs to take immediate, assertive action to stem its dependence on oil. Energy efficiency is one of the most critical components of reducing Hawaii's dependence on oil.

Upon further consideration, your Committees amended this measure by:



- (1) Deleting all of the original provisions;
- (2) Inserting the provisions of S.B. No. 3185 S.D. 2 to:
 - (A) Add four new sections that authorize a surcharge for a public benefits fund, authorize a fund administrator for the fund, enumerate the requirement for the fund administrator, and require the public utilities commission to develop a transition plan from utility demand-side management programs to the public benefits fund;
 - (B) Establish energy efficiency portfolio standards;
 - (C) Add eleven new definitions to the renewable portfolio standards law and amend the definitions of "cost-effective" and "renewable energy";
 - (D) Add a penalty provision to the renewable portfolio standards law;
 - (E) Amend section 269-27.2(c), Hawaii Revised Statutes (HRS), to give the Public Utilities Commission the ability to delink renewables from oil; and
 - (F) Amend section 269-95, HRS, to ensure that the electric utility companies' opportunity to earn a fair rate of return is not diminished; and
- (3) Defecting the effective date to July 1, 2050, to encourage further discussion; and
- (4) Making technical, non-substantive changes for clarity, consistency, and style.

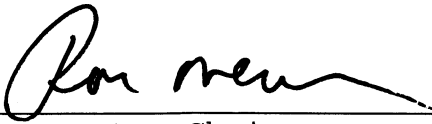
The amended measure addresses substantive changes that are needed to the Renewable Portfolio Standards Law and creates a companion concept, the Energy Efficiency Portfolio Standard.

As affirmed by the records of votes of the members of your Committees on Energy, Environment, and International Affairs and Commerce, Consumer Protection, and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 3222, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B.



No. 3222, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Energy, Environment, and International Affairs and Commerce, Consumer Protection, and Housing,



RON MENOR, Chair



J. KALANI ENGLISH, Chair



