
A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Section 269-27.2, Hawaii Revised Statutes, is
2 amended by amending subsection (c) to read as follows:

3 "(c) The rate payable by the public utility to the
4 producer for the nonfossil fuel generated electricity supplied
5 to the public utility shall be as agreed between the public
6 utility and the supplier and as approved by the public utilities
7 commission; provided that in the event the public utility and
8 the supplier fail to reach an agreement for a rate, the rate
9 shall be as prescribed by the public utilities commission
10 according to the powers and procedures provided in this chapter.

11 ~~[In the exercise of its authority to determine the just and~~
12 ~~reasonable rate for the nonfossil fuel generated electricity~~
13 ~~supplied to the public utility by the producer, the commission~~
14 ~~shall establish that the rate for purchase of electricity by a~~
15 ~~public utility shall not be more than one hundred per cent of~~
16 ~~the cost avoided by the utility when the utility purchases the~~
17 ~~electrical energy rather than producing the electrical energy.]~~

1 The commission's determination of the just and reasonable
2 rate shall be accomplished by establishing a methodology that
3 removes or significantly reduces any linkage between the price
4 of fossil fuels and the rate for the nonfossil fuel generated
5 electricity to potentially enable utility customers to share in
6 the benefits of fuel cost savings resulting from the use of
7 nonfossil fuel generated electricity. As the commission deems
8 appropriate, the just and reasonable rate for nonfossil fuel
9 generated electricity supplied to the public utility by the
10 producer may include mechanisms for reasonable and appropriate
11 incremental adjustments, such as adjustments linked to consumer
12 price indices for inflation or other acceptable adjustment
13 mechanisms."

14 SECTION 2. Section 269-91, Hawaii Revised Statutes, is
15 amended by amending the definition of "cost-effective" to read
16 as follows:

17 ""Cost-effective" means the ability to produce or purchase
18 electric energy or firm capacity, or both, from renewable energy
19 resources at or below avoided costs or as the public utilities
20 commission otherwise determines to be just and reasonable
21 consistent with the methodology set by the public utilities
22 commission in accordance with section 269-27.2."

1 SECTION 3. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 4. This Act shall take effect on July 1, 2009.

Report Title:

Renewable Energy; Public Utilities; Nonfossil Fuel Source

Description:

Removes the dependency of the price of electrical energy generated from nonfossil fuel sources from the avoided cost of energy generated by the electric public utility purchasing the nonfossil fuel generated electricity. (SD1)