

STAND. COM. REP. NO. 696

Honolulu, Hawaii

March 5, 2009

RE: H.B. No. 1270
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which
was referred H.B. No. 1270, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this bill is to promote the use of renewable
energy by eliminating the consideration of the avoided costs of a
public utility in the determination of just and reasonable rates
that a utility pays for electricity generated from nonfossil
fuels.

The Department of Business, Economic Development, and
Tourism; Consumer Advocate; Hawaiian Electric Company, Inc.;
Hawaii Electric Light Company, Inc.; Maui Electric Company, Ltd.;
Hawaii Farm Bureau Federation; Blue Planet Foundation; Sierra Club
- Hawaii Chapter; Hawaii Energy Policy Forum; Dowling Company,
Inc.; SunPower Systems Corporation; Hawaii Renewable Energy
Alliance; and Alexander & Baldwin, Inc.; testified in support of
this bill. The Public Utilities Commission (PUC) and Tawhiri
Power, LLC, provided comments.

Section 269-27.2(c), Hawaii Revised Statutes, provides that
just and reasonable rates, as determined by PUC, for nonfossil
fuel-generated electricity supplied to a public utility by a
producer are capped at 100 percent of the cost that the utility
avoids by purchasing the energy instead of producing it. By
removing the avoided-cost limit, this bill provides greater

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flexibility in the determination of just and reasonable rates in purchased power pricing for nonfossil fuel-generated electricity.

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. 1270, H.D. 1, and recommends that it pass Third Reading.

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



ROBERT N. HERKES, Chair



