

Honolulu, Hawaii

MAR 25 2009

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

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Energy and Environment, 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 measure is to:

- (1) Remove the avoided cost limit on the rate for the purchase of electricity by a public utility and substitute a methodology that is just and reasonable;
- (2) Significantly reduce any linkages between volatile prices of fossil fuels and the rate for nonfossil fuel generated electricity; and
- (3) Potentially enable utility customers to share in the benefits of price stability and fuel cost savings resulting from the use of nonfossil fuel generated electricity.

Testimony in support of this measure was submitted by one state department and six private organizations. The Department of Business, Economic Development, and Tourism also submitted a statement of no objection to the measure. Written testimony presented to your Committee may be reviewed on the Legislature's website.

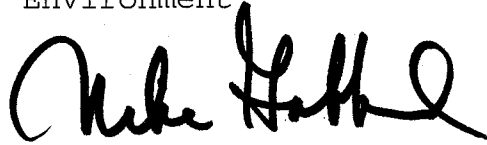


Your Committee finds that this is an important measure to move renewable energy forward in our State by delinking the price of renewable energy from the price of energy produced from fossil fuels. Removing the limit on purchase power rates based on the utility's avoided cost provides the Public Utilities Commission with greater flexibility in determining just and reasonable purchased power rates.

Your Committee has amended this measure by making a technical, nonsubstantive change for consistency.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1270, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1270, H.D. 1, S.D. 1, and be referred to the Committee on Commerce and Consumer Protection.

Respectfully submitted on
behalf of the members of the
Committee on Energy and
Environment



MIKE GABBARD, Chair



