

STAND. COM. REP. NO. **750**

Honolulu, Hawaii

MAR 06 2009

RE: S.B. No. 1065
S.D. 2

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

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 1065, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE NATURAL ENERGY LABORATORY OF HAWAII AUTHORITY,"

begs leave to report as follows:

The purpose of this measure is to exempt the Natural Energy Laboratory of Hawaii Authority (NELHA) from regulation by the Public Utilities Commission for the sale or provision of electricity generated from renewable resources by NELHA to users located on lands leased from the State adjacent to the NELHA research and technology park.

Your Committee received testimony with comments on this measure from the Public Utilities Commission and Natural Energy Laboratory of Hawaii Authority. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that this measure will promote the development of nonfossil fuel generated electricity and result in considerable savings to the State by allowing NELHA to provide renewably generated energy to State facilities. NELHA currently operates four alternative energy projects developing solar thermal, solar concentrating, wind, and algae biofuel generating capacities. Your Committee finds that allowing energy generated by the alternative energy development projects at NELHA to be used by adjacent State facilities will result in lowered energy costs



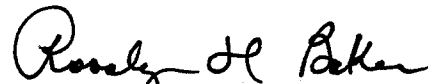
for the receiving facilities and will help move Hawaii toward its long term goal of energy independence.

Your Committee has amended this measure by:

- (1) Clarifying that NELHA is exempt from all regulation by the Public Utilities Commission only if the sale or provision of electricity by NELHA does not require connection to the electrical grid; and
- (2) Clarifying that if NELHA does connect to the electrical grid to provide any electricity to any user, it shall be subject to regulation as an energy provider by the Public Utilities Commission and shall be subject to interconnection agreement requirements.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1065, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1065, S.D. 2.

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



ROSALYN H. BAKER, Chair



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB 1065 SDI	Committee Referral: ENE/EDT, CPN	Date: 2/27/2009		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
IGE, David Y. (VC)	✓			
ESPERO, Will	✓			
GREEN, M.D., Josh				✓
IHARA, Jr., Les				✓
SAKAMOTO, Norman				✓
HEMMINGS, Fred	✓			
TOTAL	4			3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align: center; font-family: cursive; font-size: 1.2em;">David Y. Ige</div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes