

STAND. COM. REP. NO.

746

Honolulu, Hawaii

MAR 06 2009

RE: S.B. No. 1675
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. 1675, S.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 facilitate and encourage renewable energy development by increasing or eliminating the capacity limits on net energy metering and permitting existing net-metered customers to continue with the net metering program after alternative tariff structures are implemented.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism, Hawaii Photovoltaic Coalition, the Hawaii Chapter of the Sierra Club, and Blue Planet Foundation. Testimony in opposition to this measure was received from Kauai Island Utility Cooperative. Testimony with comments on this measure was received from the Public Utilities Commission and Hawaiian Electric Company. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that net energy metering has been an effective tool in promoting customer-sited renewable energy resources as evidenced by the increase of net energy metered customers across all islands since net energy metering became the law in 2001. Your Committee further finds that rapid changes in energy technology will soon result in new methods of generating and distributing renewable energy.

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Your Committee notes that the Public Utilities Commission (PUC) is empowered under the current law to make changes, including changes to capacity limits, to the net metering program. Pursuant to this authority, the PUC currently has administrative dockets open that address the issues of capacity limits for individual customer-generators, total rated generating capacity produced by customer-generators, utility interconnection standards, and feed-in tariffs and other methodologies for a utility to acquire renewable energy. Since the PUC has appropriately exercised its rulemaking powers to address these issues, your Committee finds that the Legislature has no need to act upon these matters. Therefore, your Committee has narrowed the scope of this measure to pertain only to those issues that have not been addressed in any other context so as to assure that current customer-generators may continue to receive proper credit for producing renewable energy.

Your Committee finds that this measure, as amended, will allow the PUC to retain flexibility in setting rates and compensating or crediting customer-generators of renewable energy as it responds to innovations in energy development. This measure will also allow existing net energy monitoring customers to retain their net monitoring credits in the event that the PUC responds to innovations in renewable energy generation by instituting a new or different system of renewable energy credits.

Your Committee has amended this measure by:

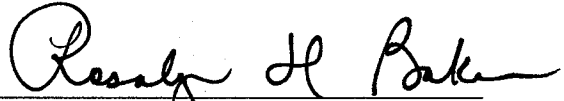
- (1) Removing provisions that would have increased the specified maximum capacity of an eligible customer-generator of renewable energy;
- (2) Removing provisions amending rate structure, calculation, and billing for net energy metering customers;
- (3) Removing provisions making housekeeping amendments to sections 269-107 and 269-108, Hawaii Revised Statutes.
- (4) Removing the provision amending safety and performance standards for customer-generators;



- (5) Deleting the provision that repealed the total peak capacity limit for customer-generators in a service area; and
- (6) Making nonsubstantive technical changes for the purpose of clarity and accuracy.

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. 1675, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1675, S.D. 2.

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



ROSALYN H. BAKER, Chair



