

STAND. COM. REP. NO.

2518

Honolulu, Hawaii

FEB 26 2010

RE: S.B. No. 2858
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2858, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO RETAIL WHEELING,"

begs leave to report as follows:

The purpose of this measure is to allow the Public Utilities Commission to allow independent producers of renewable energy operating on state lands to sell electricity directly to state government entities located on the same island.

Your Committee received testimony in support of this measure from the Hawaii Solar Energy Association and the Hawaii Renewable Energy Alliance. Testimony in opposition to this measure was received from Kauai Island Utility Cooperative and Hawaiian Electric Company. Testimony with comments was received from the Public Utilities Commission and Tawhiri Power LLC. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that this measure will help to catalyze innovation in the renewable energy marketplace by creating a new, competitive market for renewable energy products. Your Committee further finds that this measure will result in savings to state and county agencies that are able to comparison shop when making energy purchasing decisions.

Your Committee notes the testimony of the Public Utilities Commission (PUC) that the PUC currently has an open docket



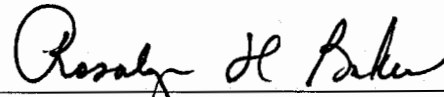
available in December of this year on the implementation of intra-governmental wheeling of electricity. Your Committee finds that this is an appropriate venue to consider the sale of electricity to government agencies and, therefore, supports the position of the PUC that consideration and discussion of this measure shall be added to that docket.

Your Committee has amended this measure by:

- (1) Expressing support for the PUC's position that discussion of this issue is appropriate for the already-scheduled December 2010 docket;
- (2) Eliminating the deadline for the establishment of policies and rules to implement retail wheeling;
- (3) Clarifying that the PUC shall implement retail wheeling by rule, policy, and order;
- (4) Changing its effective date to July 1, 2050 to encourage further discussion; and
- (5) Making technical, nonsubstantive changes for the purposes 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. 2858, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2858, S.D. 2.

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



ROSALYN H. BAKER, Chair



