

JAN 21 2011

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# A BILL FOR AN ACT

RELATING TO ENERGY.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. In the 1990s, some states opted to fully or  
2 partially unbundle their electricity sectors to allow for  
3 competitive generation segments, separate transmission and  
4 distribution segments, and independent system operators.

5           Governmental wheeling refers to the distribution of  
6 electricity owned by an independent power supplier and sold to a  
7 governmental consumer over the transmission and distribution  
8 lines of a public utility. While numerous states have  
9 restructured their energy markets to adopt governmental wheeling  
10 in some form, in Hawaii, independent power producers must sell  
11 power to a public utility rather than make direct sales to end  
12 users.

13           The legislature finds that, in Hawaii's electricity market,  
14 both intra-governmental wheeling and inter-governmental wheeling  
15 can provide a vehicle for increased competition in energy  
16 markets and improved service without requiring the utility to  
17 divest its own generation assets or lose control over the  
18 operation of transmission and distribution.



1           The purpose of this Act is to authorize the public  
2 utilities commission to adopt rules and issue orders to  
3 establish a limited governmental wheeling market where  
4 independent renewable energy producers located on public lands  
5 may sell electricity directly to governmental entities located  
6 on the same island. In the interest of efficiency, the  
7 legislature encourages the public utilities commission to add  
8 this issue to its 2011 docket for discussion and consideration.

9           SECTION 2. Chapter 269, Hawaii Revised Statutes, is  
10 amended by adding three new sections to be appropriately  
11 designated and to read as follows:

12           "§269-A Intra-governmental wheeling; rules and orders.

13           (a) The public utilities commission shall adopt rules pursuant  
14 to chapter 91 and issue orders for the deployment of intra-  
15 governmental wheeling that enables power producers to sell  
16 electricity directly to state government entities located on the  
17 same island.

18           (b) For purposes of this section:

19           "Intra-governmental wheeling" means the distribution, over  
20 a public utility's transmission and distribution system, of  
21 power that is generated by a power producer and sold by the  
22 power producer directly to a state government end user.



1        "Power producer" means an independent renewable energy  
2 producer operating on state lands.

3        **§269-B Inter-governmental wheeling; rules and orders.** (a)

4        The public utilities commission shall adopt rules pursuant to  
5 chapter 91 and issue orders for the deployment of inter-  
6 governmental wheeling that enables power producers to sell  
7 electricity directly to a federal, state, or county governmental  
8 entity located on the same island.

9        (b) For purposes of this section:

10       "Inter-governmental wheeling" means the distribution, over  
11 a public utility's transmission and distribution system, of  
12 power that is generated by a power producer and sold by the  
13 power producer directly to a federal, state, or county  
14 governmental end user.

15       "Power producer" means an independent renewable energy  
16 producer operating on federal, state, or county land.

17       **§269-C Transmission and distribution fee.** No later than  
18 July 1, 2012, the public utilities commission shall establish  
19 transmission and distribution fees that may be charged by a  
20 public utility for use of its transmission and distribution  
21 system for both intra-governmental wheeling, pursuant to section



1 269-A, and inter-governmental wheeling, pursuant to section  
2 269-B."

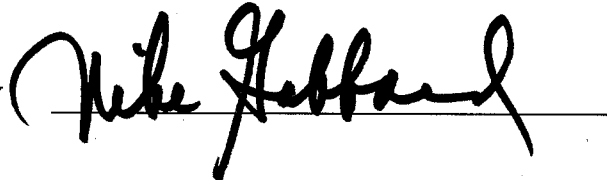
3 SECTION 3. In codifying the new sections added by section  
4 2 of this Act, the revisor of statutes shall substitute  
5 appropriate section numbers for the letters used in designating  
6 the new sections in this Act.

7 SECTION 4. New statutory material is underscored.

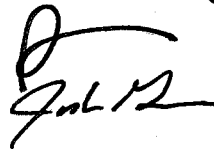
8 SECTION 5. This Act shall take effect on July 1, 2011.

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INTRODUCED BY









**Report Title:**

Governmental Wheeling; Inter and Intra; Public Utilities;  
Transmission and Distribution Fee

**Description:**

Requires the public utilities commission to adopt rules and issue orders relating to intra-governmental wheeling and inter-governmental wheeling that enable renewable energy producers operating on public lands to sell electricity directly to governmental entities located on the same island. Authorizes public utilities to charge a transmission and distribution fee for both intra-governmental wheeling and inter-governmental wheeling.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

