

STAND. COM. REP. NO.

1001

Honolulu, Hawaii

March 21, 2011

RE: S.B. No. 704
S.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred S.B. No. 704, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY,"

begs leave to report as follows:

The purpose of this bill is to support the State's overall clean energy objectives by specifying that third-party owners and operators of on-site renewable energy generating systems are exempt from being regulated as a public utility.

The Solar Alliance, SunRun Inc., SolarCity, Hawaii Renewable Energy Alliance, and Hawaii Solar Energy Association testified in support of this bill. Kairos Energy Capital LLC testified in support of the intent of this measure. The Chair of the Public Utilities Commission (PUC) provided comments.

Hawaii is one of the most fossil fuel dependent states in the nation despite having some of the most diversified renewable energy options and sources in the world. With our abundance of sunshine and at times, wind, solar and wind energy represent two forms of renewable energy that are immediately available and which offer substantial renewable energy opportunities. Unfortunately, financial barriers often prohibit Hawaii residents and businesses from purchasing renewable energy systems. Third-party suppliers of renewable energy may offer these individuals an alternative. However, third-party suppliers of renewable energy should not be confused with a public utility in that they provide supplemental

SB704 SD2 HSCR EEP HMS 2011-3031



supplemental power to a customer who generally remains on the electric public utility grid or to the electric utility itself. This measure clarifies this matter.

Nevertheless, your Committee notes the concerns raised by Kairos Energy Capital LLC that passage of this measure in its present form may have the unintended consequence of removing the discretionary authority of PUC or courts to make a determination that renewable energy facilities are not public utilities in certain appropriate circumstances due to the specificity of the language contained in this bill. Your Committee finds that this issue needs further consideration and thus respectfully requests the Committee on Consumer Protection and Commerce to review this matter more closely.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 704, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,



DENNY COFFMAN, Acting Chair



Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: SB 704 SD2	Committee Referral: EEP, CPC	Date: 3/15/11		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input checked="" type="checkbox"/> Pass, unamended (as is) <input type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. MORITA, Hermina M. (C)				
2. COFFMAN, Denny (VC)	✓			
3. CABANILLA, Rida T.R.				X
4. CARROLL, Mele				X
5. CHANG, Jerry L.	✓			
6. CHONG, Pono				X
7. HAR, Sharon E.				X
8. HERKES, Robert N.	✓			
9. ITO, Ken				X
10. NAKASHIMA, Mark M.	✓			
11. RIVIERE, Gil	✓			
12. THIELEN, Cynthia	✓			
TOTAL (12)	6			5
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <p style="text-align: center; margin-left: 100px;">committee acronym(s)</p>				
Vice Chair's or designee's signature: <u>Cynthia Thielen</u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				