
A BILL FOR AN ACT

RELATING TO ENERGY.

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

1 SECTION 1. The purpose of this Act is to promote and
2 facilitate the replacement of fossil fuel generated electricity
3 and implementation of smart-grid management.

4 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
5 amended by adding a new section to be appropriately designated
6 and to read as follows:

7 "§269- Power purchase agreements; grid reliability
8 management surcharge; rates of return. (a) The public
9 utilities commission may establish a grid reliability management
10 rate surcharge to enable an electric utility company to recover
11 operational costs incurred under a new or renegotiated power
12 purchase agreement with a renewable energy producer for the
13 purchase of new renewable energy; provided that any power
14 purchase agreement between an electric utility company and a
15 renewable energy producer shall not contain:

16 (1) Provisions for rates based on avoided costs; and
17 (2) Provisions relating to excessive curtailment of
18 renewable energy produced except under an emergency.



1 (b) The public utilities commission is authorized to
2 provide a higher rate of return to an electric utility company
3 for capital investments for transmission, distribution, and grid
4 reliability upgrades installed to support the connection to and
5 integration of new renewable energy based power generation
6 facilities.

7 (c) As used in this section:

8 "Electric utility company" means the same as defined in
9 section 269-91.

10 "Excessive curtailment" means the selection of oil-based
11 fossil fuel generated power instead of renewable energy power
12 where the decision is not based on grid reliability.

13 "Renewable energy" means the same as defined in section
14 269-91."

15 SECTION 3. Upon the effective date of this Act, the public
16 utilities commission shall request all electric utility
17 companies that sell electricity for consumption in the State and
18 are not described under section 501(c)(12) of the Internal
19 Revenue Code of 1986, as amended, to request the renegotiation
20 of power purchase agreements with renewable energy power
21 producers such that the renegotiated power purchase agreements
22 reduce curtailment and do not contain rates based on avoided



1 costs, as required under this Act; provided that the electric
2 utility companies shall request renegotiation no later than
3 September 1, 2012.

4 SECTION 4. New statutory material is underscored.

5 SECTION 5. This Act shall take effect upon its approval.



Report Title:

Public Utilities Commission; Smart-grid Management; Power Purchase Agreement

Description:

Authorizes the Public Utilities Commission (PUC) to establish a grid reliability rate surcharge to electric utility companies to encourage the negotiation of new or existing power purchase agreements with renewable energy producers that contain an avoided cost rate and generally eliminate curtailment. Authorizes the PUC to provide a higher rate of return to an electric utility company for capital investments made to support the integration of new renewable energy based power generation facilities. (SB1197 HD1)

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