
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 shall establish a grid reliability
10 management rate surcharge to enable an electric utility company
11 to recover per cent of the costs incurred under a new or
12 renegotiated power purchase agreement with a renewable energy
13 producer for the purchase of new renewable energy; provided that
14 any power purchase agreement between an electric utility company
15 and a renewable energy producer shall not contain:
16 (1) Provisions for rates based on avoided costs; and
17 (2) Provisions relating to the curtailment of renewable
18 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, "electric utility company"
8 and "renewable energy" means the same as defined in section 269-
9 91."

10 SECTION 3. Upon the effective date of this Act, the public
11 utilities commission shall request all electric utility
12 companies that sell electricity for consumption in the State and
13 are not described under section 501(c)(3) of the Internal
14 Revenue Code of 1986, as amended, to initiate the renegotiation
15 of power purchase agreements with renewable energy power
16 producers such that the renegotiated power purchase agreements
17 eliminate curtailment and do not contain rates based on avoided
18 costs, as required under this Act; provided that the electric
19 utility companies shall initiate renegotiation no later than
20 September 1, 2012.

21 SECTION 4. New statutory material is underscored.

22 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. (PROPOSED SB1197 HD1)

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