

Honolulu, Hawaii

March 16, 2012

RE: S.B. No. 1197
S.D. 2
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred S.B. No. 1197, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose of this measure as received by your Committee is to require the incorporation of alternative energy use designs into the construction or renovation of public buildings and facilities, including public school buildings.

For the purposes of a public hearing on this bill, your Committee circulated Proposed S.B. No. 1197, S.D. 2, H.D. 1 (Proposed Draft) and notified the public that it would be accepting testimony on the proposal, which authorizes the Public Utilities Commission to:

- (1) Establish a grid reliability management rate surcharge to enable an electric utility company to recover costs incurred under a power purchase agreement for the purchase of renewable energy; and
- (2) Request certain electric utility companies to initiate the renegotiation of certain power purchase agreements no later than September 1, 2012.



The Public Utilities Commission and Tawhiri Power LLC supported the intent of the Proposed Draft. The Consumer Advocate, Hawaiian Electric Company, Maui Electric Company, Hawaii Electric Light Company, and Hawaii Renewable Energy Alliance opposed the Proposed Draft. The Sierra Club Hawaii Chapter provided comments.

Your Committee took action by adopting the Proposed Draft and amending the Proposed Draft by, among other things:

- (1) Authorizing, rather than requiring, the Public Utilities Commission to establish the grid reliability management rate surcharge;
- (2) Specifying that the rate surcharge is intended to enable the electric utility company to recover "operational costs", rather than an unspecified percent of costs;
- (3) Clarifying that the type of curtailment provision that is prohibited in a power purchase agreement is one relating to excessive curtailment;
- (4) Clarifying that the Public Utilities Commission is requested to request, rather than initiate, the renegotiation of power purchase agreements with renewable energy power producers and that the renegotiated agreements reduce, rather than eliminate, curtailment; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

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. 1197, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1197, S.D. 2, H.D. 1, and be referred to the Committee on Education.



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

Denny Coffman

DENNY COFFMAN, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

Record of Votes of the Committee on Energy & Environmental Protection

| Bill/Resolution No.: SB 1197 SD2 | Committee Referral: EEP, EDN, FIN | Date: 3-15-12 | | |
|---|--------------------------------------|------------------|------|---------|
| <input type="checkbox"/> The committee is reconsidering its previous decision on the measure. | | | | |
| The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" 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. COFFMAN, Denny (C) | ✓ | | | |
| 2. KAWAKAMI, Derek S.K. (VC) | ✓ | | | |
| 3. CABANILLA, Rida T.R. | | | | ✓ |
| 4. CARROLL, Mele | | | | ✓ |
| 5. CHANG, Jerry L. | ✓ | | | |
| 6. HAR, Sharon E. | ✓ | | | |
| 7. HERKES, Robert N. | | | | ✓ |
| 8. ITO, Ken | ✓ | | | |
| 9. NAKASHIMA, Mark M. | ✓ | | | |
| 10. RIVIERE, Gil | ✓ | | | |
| 11. THIELEN, Cynthia | ✓ | WR | | |
| TOTAL (11) | 8 | 0 | 0 | 3 |
| The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s) | | | | |
| Vice Chair's or designee's signature: _____ | | | | |
| Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO | | | | |