

STAND. COM. REP. NO. 1637-12

Honolulu, Hawaii

April 5, 2012

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

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

Sir:

Your Committee on Finance, to which was referred S.B. No. 1197, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose of this measure is to promote and facilitate the replacement of fossil fuel generated electricity and the implementation of smart-grid management by:

- (1) Authorizing the Public Utilities Commission to establish a grid reliability management rate surcharge to enable an electric utility company to recover operational costs incurred under a power purchase agreement provided that the agreements do not contain:
 - (A) Provisions for rates based on avoided costs; and
 - (B) Provisions relating to excessive curtailment of renewable energy produced except under an emergency; and
- (2) Authorizing the Public Utilities Commission to provide a higher rate of return to an electric utility company for capital investments for transmission, distribution, and grid reliability upgrades installed to support the

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connection to and integration of new renewable energy based power generation facilities.


The Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs and Hawaiian Electric Company, and its subsidiary utilities, Maui Electric Company and Hawaii Electric Light Company opposed this measure. The Public Utilities Commission, the Blue Planet Foundation, Hawaii Renewable Energy Alliance, and an individual commented on this measure.

Your Committee has amended this measure by:

- (1) Changing the effective date to July 1, 2030, for the purpose of facilitating further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1197, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1197, S.D. 2, H.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Finance,


MARCUS R. OSHIRO, Chair



