

STAND. COM. REP. NO. 2067

Honolulu, Hawaii

FEB 08 2012

RE: S.B. No. 2787  
S.D. 1

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2012  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 2787 entitled:

"A BILL FOR AN ACT RELATING TO ELECTRICITY,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize the Public Utilities Commission to:

- (1) Develop, adopt, and enforce reliability standards for electric systems;
- (2) Oversee electric grid access;
- (3) Contract for the performance of related duties with a party to be named the Hawaii Electricity Reliability Administrator; and
- (4) Require an electric reliability surcharge to be collected by Hawaii's electric utilities.

Your Committee received testimony in support of this measure from the Governor; Department of Business, Economic Development, and Tourism; Public Utilities Commission; Maui Electric Company, Limited; Sierra Club, Hawaii Chapter; Hawaii Renewable Energy Alliance; and Blue Planet Foundation.

Your Committee finds that the reliability of Hawaii's electric system is a central issue the State must address to

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achieve the maximum penetration of renewable energy generation on its grid. Your Committee further finds that Hawaii's electric utilities currently assume responsibility for maintaining system reliability. However, the rise in requests to connect to the grid with intermittent energy sources demands a more formalized and transparent interconnection process. Your Committee additionally finds that the Public Utilities Commission needs the authority to perform necessary electric system reliability and grid access oversight functions and to contract for support in the performance of its duties.

Your Committee notes that this measure will provide the Public Utilities Commission with the necessary means to ensure that reliability standards and interconnection requirements are properly monitored and enforced by knowledgeable experts.

Finally, your Committee finds that the electric reliability surcharge proposed by this measure will ensure the funding of reliability standard monitoring and enforcement.

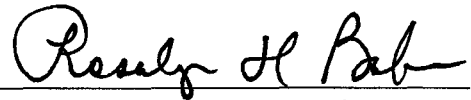
Your Committee has amended this measure by:

- (1) Clarifying that the Public Utilities Commission has the authority to develop, adopt, and enforce reliability standards and interconnection requirements;
- (2) Clarifying the Public Utilities Commission's authority to monitor the reliability and operation of the Hawaii electric system;
- (3) Specifying the appropriate and reasonable costs for interconnections that a utility may recover under the Hawaii electricity reliability surcharge;
- (4) Clarifying that the Public Utilities Commission may contract for the performance of its duties with a person, business, or organization that will serve as the Hawaii Electricity Reliability Administrator;
- (5) Clarifying the necessary qualifications and duties of the Hawaii Electricity Reliability Administrator; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.



As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2787, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2787, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,



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ROSALYN H. BAKER, Chair



