

Honolulu, Hawaii

FEB 09 2011

RE: S.B. No. 656
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 656 entitled:

"A BILL FOR AN ACT RELATING TO THE PUBLIC UTILITIES COMMISSION,"

begs leave to report as follows:

The purpose and intent of this measure is to increase transparency in the renewable energy market by requiring the Public Utilities Commission to publish contracts for the purchase of renewable energy, including the price per kilowatt hour, on its website.

Your Committee received testimony in support of this measure from the Ocean Tourism Coalition; Indigenous Consultants, LLC; Life of the Land; Tawhiri Power LLC; and two private individuals. Your Committee received testimony in support of the intent of this measure from the Department of Business, Economic Development, and Tourism and the Public Utilities Commission. Your Committee received comments on this measure from Hawaiian Electric Company, Inc.

Your Committee finds that the Public Utilities Commission's former policy of determining pricing of renewable energy based on avoided costs in comparison with petroleum-based energy has led to higher-than-necessary renewable energy prices as the cost of petroleum has risen over the years. Your Committee further finds that linking the price of renewable energy to the cost of petroleum has created a situation that has eroded the public trust



in the electric utilities and the bodies that regulate them since the justification for often-high energy prices is obscure. Therefore, your Committee finds that greater transparency in pricing for renewable energy serves the interests of consumers, electric utilities, and the State by clarifying both the process and the outcome of setting renewable energy rates.

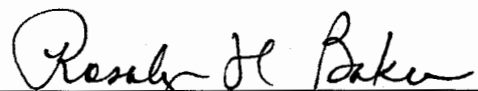
Your Committee is sympathetic to the needs of renewable energy producers, especially small or independent producers without significant leverage in the market, to keep some information private during the pendency of contract negotiations. Your Committee believes that allowing the redactions of certain proprietary information only until the final disposition of a contract for renewable energy purchase by the Public Utilities Commission achieves a balance between the legitimate interests of the rate-paying public and renewable energy producers.

Your Committee has amended this measure by:

- (1) Clarifying that contracts shall be published in redacted form upon filing with the Public Utilities Commission and in complete, unredacted form upon a final approval of or decision on the contract by the Public Utilities Commission; and
- (2) Making a technical, nonsubstantive amendment 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. 656, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 656, S.D. 1, and be placed on the calendar for Third Reading.

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



ROSALYN H. BAKER, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 656	CPN	2/4/2011		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
GALUTERIA, Brickwood	✓			
GREEN, M.D., Josh	✓			
NISHIHARA, Clarence K.	✓			
SOLOMON, Malama	✓			
SLOM, Sam				✓
TOTAL	6	0	0	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes