

HB425 HD3 SD1

Measure Title: RELATING TO PUBLIC UTILITIES.

Report Title: Public Utilities Commission; Electric Utility Rates

Description: Requires the Public Utilities Commission, in exercising its authority and duties, to consider the costs and benefits of a diverse energy portfolio and of maximizing the efficiency of all electric utility assets to lower and stabilize the cost of electricity, without subverting the electric utilities' obligation to meet renewable portfolio standards. (SD1)

Companion:

Package: None

Current Referral: ENE, CPN

Introducer(s): MORITA

<u>Sort by Date</u>		Status Text
1/21/2011	H	Pending introduction.
1/24/2011	H	Introduced and Pass First Reading.
1/24/2011	H	Referred to EEP, referral sheet 1
12/1/2011	D	Carried over to 2012 Regular Session.
1/27/2012	H	Bill scheduled for decision making on Tuesday, 01-31-12 8:15AM in conference room 325.
1/31/2012	H	The committee recommends that the measure pass with amendments, for recommittal for further consideration. The votes were as follows: 6 Ayes: Representative(s) Coffman, Kawakami, Chang, Nakashima, Riviere, Thielen; Ayes with reservations: none; Noes: none; and 5 Excused: Representative(s) Cabanilla, Carroll, Har, Herkes, Ito.
2/1/2012	H	Re-referred to EEP, CPC, FIN, referral sheet 11
2/1/2012	H	Reported from EEP (Stand. Com. Rep. No. 35-12) as amended in HD 1.
2/1/2012	H	Recommends recommittal to EEP
2/1/2012	H	HD 1 adopted and recommitted to EEP for further consideration with

		none voting no and Representative(s) Okamura, Say excused.
2/3/2012	H	Bill scheduled to be heard by EEP on Tuesday, 02-07-12 9:00AM in House conference room 325.
2/7/2012	H	The committees on EEP recommend that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 8 Ayes: Representative(s) Coffman, Kawakami, Carroll, Chang, Har, Herkes, Ito, Riviere; Ayes with reservations: none; 1 Noes: Representative(s) Thielen; and 2 Excused: Representative(s) Cabanilla, Nakashima.
2/9/2012	H	Reported from EEP (Stand. Com. Rep. No. 214-12) as amended in HD 2, recommending passage on Second Reading and referral to CPC.
2/9/2012	H	Passed Second Reading as amended in HD 2 and referred to the committee(s) on CPC with Representative(s) Wooley voting aye with reservations; Representative(s) Ching, Hanohano, Pine, Takai, Thielen, Ward voting no (6) and Representative(s) Belatti, C. Lee, M. Lee, Souki excused (4).
2/15/2012	H	Re-referred to EEP, CPC, referral sheet 29
2/23/2012	H	Bill scheduled to be heard by CPC on Monday, 02-27-12 2:05PM in House conference room 325.
2/27/2012	H	The committees on CPC recommend that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 7 Ayes: Representative(s) Yamane, Brower, Cabanilla, Ito, Souki, Tsuji, Marumoto; Ayes with reservations: none; 1 Noes: Representative(s) Thielen; and 7 Excused: Representative(s) Herkes, Carroll, Coffman, Keith-Agaran, Luke, McKelvey, Ching.
3/2/2012	H	Reported from CPC (Stand. Com. Rep. No. 713-12) as amended in HD 3, recommending passage on Third Reading.
3/2/2012	H	Forty-eight (48) hours notice Tuesday, 03-06-12.
3/6/2012	H	Passed Third Reading as amended in HD 3 with Representative(s) Pine voting aye with reservations; Representative(s) Ching, Hanohano, Thielen voting no (3) and none excused (0). Transmitted to Senate.
3/8/2012	S	Received from House (Hse. Com. No. 41).
3/8/2012	S	Passed First Reading.
3/8/2012	S	Referred to ENE, CPN.
3/9/2012	S	The committee(s) on ENE has scheduled a public hearing on 03-15-12

		3:00PM in conference room 225.
3/15/2012	S	The committee(s) on ENE recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in ENE were as follows: 3 Aye(s): Senator(s) Gabbard, English, Ihara; Aye(s) with reservations: none ; 0 No(es): none; and 2 Excused: Senator(s) Green, Slom.
3/23/2012	S	Reported from ENE (Stand. Com. Rep. No. 2949) with recommendation of passage on Second Reading, as amended (SD 1) and referral to CPN.
3/23/2012	S	Report adopted; Passed Second Reading, as amended (SD 1) and referred to CPN.
3/27/2012	S	The committee(s) on CPN will hold a public decision making on 03-30-12 9:30AM in conference room 229.

TESTIMONY OF HERMINA MORITA
CHAIR, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
SENATE COMMITTEE ON
COMMERCE & CONSUMER PROTECTION

MARCH 30, 2012

MEASURE: H.B. No. 425, H.D. 3, S.D. 1

TITLE: Relating to Public Utilities

Chair Baker and Members of the Committee:

DESCRIPTION:

This measure would direct the Commission in carrying out its duties to consider "costs and benefits of a diverse energy portfolio," as well as costs and benefits of "maximizing the efficiency of all electric utility assets to lower and stabilize the cost of electricity."

POSITION:

The Commission supports the House Draft 2 version of this bill. We would like to offer the following comments for the Committee's consideration.

COMMENTS:

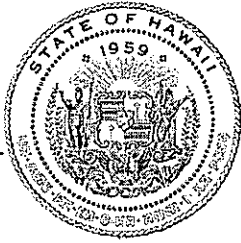
Much of the focus of Hawaii's clean energy strategy is placed on renewable energy generation. Our best estimates indicate that in 2030 sixty percent of electricity generation in the State will still come from fossil fuels. Therefore, careful consideration and planning must be given to the future supply and pricing of fossil fuels in order to mitigate its negative impacts on Hawaii's residents and businesses.

This measure should specifically establish the policy that the Commission should examine and consider the costs and benefits of a diverse fossil fuel portfolio, as well as the importance of maximizing the efficiency of all electric utility assets to aid in lowering and stabilizing the cost of electricity. The Commission requests the Committee reinsert

the language of the House Draft 2 version of this measure so that there is no ambiguity with regard to this important policy statement.

Concerns were raised in earlier hearings that this measure will cause the State to lose its focus on renewable energy development. These concerns are unwarranted. A necessary part of achieving a clean energy economy is having the ability to be adaptable and resilient as new technologies advance, mature, and become more affordable, and to seize upon those opportunities at the appropriate time. As technological breakthroughs occur, it is the Legislature's prerogative to increase Hawaii's Renewable Portfolio Standards to move the State forward more aggressively in attaining Hawaii's clean energy future. However, a transitional strategy is critical and necessary. The impact of the cost of low sulfur fuel oil and diesel on Hawaii's electricity customer cannot be ignored and must be mitigated.

Thank you for the opportunity to submit comments on this measure.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

NEIL ABERCROMBIE
GOVERNOR

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DIRECTOR

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Statement of
MARK B. GLICK
Administrator
Hawaii State Energy Office,
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Friday, March 30, 2012
9:30 AM
State Capitol, Conference Room 229

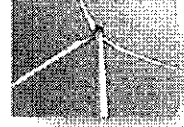
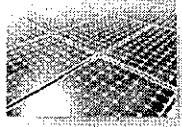
in consideration of
HB 425, HD3, SD1
RELATING TO PUBLIC UTILITIES.

Chair Baker, Vice Chair Taniguchi, and Members of the Committee.

The Hawaii State Energy Office **supports** HB 425, HD3, SD1, as a prudent and responsible exploration of how low-carbon, cheaper energy alternatives to low sulfur fuel oil might contribute towards meeting or exceeding the Hawaii Clean Energy Initiative goals and statutory targets.

The Energy Office views the Legislature's guidance to the Public Utilities Commission under HB425, HD3, SD1 to be a positive step towards permanently eliminating a portion of our oil imports and creating greater price stability and energy security. Cost/benefit analysis is an appropriate way to evaluate low environmental impact energy options to replace Hawaii's least efficient fuel oil power plants in such a manner to achieve a net savings to ratepayers while simultaneously introducing a broader portfolio of locally-produced renewable power generation options.

Thank you for the opportunity to offer our testimony and answer any questions.



SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

March 30, 2012, 9:30 A.M.

Room 229

(Testimony is 1 page long)

TESTIMONY SUPPORTING THE INTENT OF HB 425 HD3 SD1

Chair Baker and members of the Committee:

The Blue Planet Foundation supports the intent of HB 425 HD3 SD1, a measure which requires the Public Utilities Commission (PUC) to consider the costs and benefits of a diverse energy portfolio and of maximizing the efficiency of all electric utility assets to lower and stabilize the cost of electricity.

Blue Planet believes that this policy amendment is laudable, but largely unnecessary as much of the intent is captured in the previous subsection (HRS 269-6(b)).

Hawaii's secure, stable, and affordable energy future will only come from tapping inexhaustible, clean, indigenous resources. Over the decades, Hawaii has flirted with various energy plans to diversify its mix, but oil remains dominate (although annually we consume around two billion pounds of coal, three billion cubic feet of natural gas, and two billion gallons of oil). Each of our current and potential fossil fuel sources has a few things in common:

- They are imported;
- We have little control over their price in the long term;
- The methods of obtaining the fuel (mining, drilling, fracking) is often dirty and dangerous;
- They contribute to global climate change; and
- They do not contribute to clean energy innovation in Hawaii.

Hawaii needs to firmly stay the course on clean energy development and not further deepen its dependence on unstable, risky, polluting, imported fossil fuels—no matter the type.

Thank you for the opportunity to testify.