



LATE

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
INTERIM DIRECTOR

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

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
RICHARD C. LIM
Interim Director
Department of Business, Economic Development, and Tourism
before the
COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Friday, February 4, 2011
9:00 a.m.
State Capitol, Conference Room 229

in consideration of
SB 656
RELATING TO ENERGY

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

Senate Bill 656 requires the Public Utilities Commission (PUC) to publish contracts, including price information, for the purchase of renewable energy by energy utilities on a publicly-accessible portion of the PUC's website, and creates an opportunity for review and oversight of the PUC's decision making process pursuant to Hawaii Revised Statutes (HRS) §269-27.2. The Department of Business, Economic Development, and Tourism (DBEDT) supports this bill and supports any opportunity to provide transparency regarding PUC-approved procurement contracts for the utilities' purchases of renewable energy generation. Providing this type of information to the public supports Hawaii's efforts to reduce its dependence on imported fossil fuels.

DBEDT would like to suggest that the specific language identified in HRS § 269-27.2(c) clarify that the type of purchase power agreements disclosed to the public will only include PUC-approved contracts, to differentiate from contracts still under negotiation between the

utility and the producer which may contain confidential information. Hawaii Administrative Rules (HAR) 6-61-50 allow for protective orders to prohibit parties from disclosing highly-sensitive and confidential information. Public disclosure of specific details regarding the basis of purchased power price being negotiated could greatly hinder a producer's ability to remain competitive and negotiate a fair price with a utility. In addition, a contract rate still in negotiation could also negatively impact the producer's financing. Disclosure of such information could prohibit or significantly delay the project from producing renewable energy for Hawaii ratepayers.

In addition to potentially exposing highly-sensitive and confidential information, allowing contract terms, still in negotiation, to be disclosed to the public could potentially jeopardize the PUC's task of setting just and reasonable rates pursuant to HRS § 269-27.2(c). Paragraph two describes that in the event the producer and utility cannot come to an agreement on the rate, the PUC shall prescribe a just and reasonable rate. The process and methodology the PUC is required to use in setting that rate could be negatively impacted by detailed contract terms previously disclosed in the negotiation process.

DEBDT supports and encourages providing information on purchase power agreements that have been evaluated and approved by the PUC on a publicly-accessible portion of the PUC's website. DBEDT encourages a system of checks and balances in the review and oversight of approved purchase power agreements. Such transparency keeps the renewable energy market competitive and helps advance our state's clean energy programs and goals without disrupting the PUC's rules of practice and/or its legislatively mandated roles and responsibilities.

Thank you for the opportunity to testify and offer these comments.

LATE

**TESTIMONY OF CARLITO P. CALIBOSO
CHAIRMAN, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
FEBRUARY 4, 2011**

MEASURE: S.B. No. 656
TITLE: Relating to Public Utilities Commission.

Chair Baker and Members of the Committee:

DESCRIPTION:

This bill requires the Public Utilities Commission ("Commission") to publish contracts, including price information, for the purchase of renewable energy by energy utilities on a publicly-accessible portion of the Commission's website.

POSITION:

The Public Utilities Commission ("Commission") supports the intent of this bill, but notes that power purchase contracts may contain confidential and proprietary information that is provided to the Commission under protective order.

COMMENTS:

The Commission agrees with the primary theme of this bill, which is to make pricing and other relevant information in power purchase agreements ("PPAs") available to the public.

The Commission currently provides access to dockets opened since 1998, including those related to the Commission's review of the electric utilities' power purchase agreements ("PPA"), through the Commission's Document Management System ("DMS") at <http://dms.puc.hawaii.gov/dms/>. However, filings that contain confidential and proprietary information that have been filed under a protective order, including PPA contracts, are not accessible to the public. This is because the electric utilities and sometimes their independent power producers believe that the information constitutes confidential proprietary information that they need to keep confidential for their own competitive and business purposes. The information redacted from PPAs usually include price information. However, at other times, pricing information has been made public, depending on the confidentiality requirements of the parties to the PPA.

The Commission has informally advised the electric utilities that it would like to move toward making all pricing information in PPAs public, as we have done with the Feed in Tariff program, so this bill would help to achieve that end.

As mentioned earlier, however, the parties to the PPAs may object to making this information public, but we will leave it to them to further explain their rationale for doing so.

Thank you for the opportunity to testify.

Aloha Senator Baker and committee members

I strongly support SB 656 Relating to the Public Utilities Committee

It is important that the public know the content of the contract as well as the costs that the energy utilities are paying for renewable energy. This will help to insure that the state has an effective energy policy. The present system makes it very difficult for the public to understand what is going on. It tends to perpetuate the chosen policy of the energy utility, which may or may not be in the public interest.

Aloha
Richard Ha

Member of the HCEI steering committee ,
Co chair of the geothermal working group authorized by SCR99