

FEB 20 2013

SENATE RESOLUTION

REQUESTING THE PUBLIC UTILITIES COMMISSION TO ESTABLISH A
STRANDED COST RECOVERY MECHANISM TO ENCOURAGE THE
ACCELERATED RETIREMENT OF ELECTRIC UTILITY FOSSIL FUEL
ELECTRIC GENERATION PLANTS.

1 WHEREAS, fossil fuel electric generation plants use non-
2 renewable resources that will ultimately be exhausted; and

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4 WHEREAS, oil is probably the most used fossil fuel for
5 electric power generation, but oil prices are constantly rising;
6 and

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8 WHEREAS, it has been reported that the overall efficiency
9 of a modern fossil fuel electric generation plant is about forty
10 percent, meaning that sixty percent of the energy input to the
11 system is wasted; and

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13 WHEREAS, efficiencies may be as low as thirty percent in
14 some older plants; and

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16 WHEREAS, the fossil fuel plant combustion process is
17 notorious for its potential to release unpleasant gases and
18 solids into the atmosphere; and

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20 WHEREAS, fossil fuels may contain uncontrolled amounts of
21 other elements and compounds, which may be left as residues when
22 the fuel is burned. The combustion process itself can create
23 noxious gases from the fuel or from impurities; and

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25 WHEREAS, another unavoidable consequence of burning fossil
26 fuel is that the process generates greenhouse gases, including
27 carbon dioxide, sulphur dioxide, and methane, all of which
28 contribute to global warming; and

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30 WHEREAS, the State must find alternative ways of generating
31 electricity to eliminate threats to the environment; however,
32 electric utilities may have financial difficulties in retiring
33 these fossil fuel plants due to the fact that shutting down the



1 plant without a plan for cost recovery of investments in that
2 plant means that those costs usually cannot be made up; and
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4 WHEREAS, these utility stranded costs can also occur when
5 customers reduce their purchases of electricity in order to save
6 costs or when a utility is left with plant operating costs that
7 are higher than the charge for utility service but the utility
8 is still obligated as a monopoly to continue to produce
9 electricity and cannot raise its rates without prior approval in
10 a regulated monopoly system, which leaves that utility with a
11 stranded cost; and
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13 WHEREAS, in exchange for monopoly status and assured
14 profits, utilities have historically had an obligation to serve
15 a customer even though such investments would take long periods
16 to amortize; and
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18 WHEREAS, utilities need a means of recovering stranded
19 costs due to early retirement of power plants for the purpose of
20 switching power source from fossil to renewable fuels; now,
21 therefore,
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23 BE IT RESOLVED by the Senate of the Twenty-seventh
24 Legislature of the State of Hawaii, Regular Session of 2013,
25 that this body requests the Public Utilities Commission to
26 establish a stranded cost recovery mechanism to encourage the
27 accelerated retirement of electric utility fossil fuel electric
28 generation plants; and
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30 BE IT FURTHER RESOLVED that a certified copy of this
31 Resolution be transmitted to the Public Utilities Commission.
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OFFERED BY: _____

