

STAND. COM. REP. NO.

1029

Honolulu, Hawaii

MAR 22 2013

RE: H.B. No. 1405  
H.D. 2  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Madam:

Your Committee on Energy and Environment, to which was referred H.B. No. 1405, H.D. 2, 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 power purchase contracts for renewable energy by requiring the Public Utilities Commission to include a summary of power purchase agreements, including pricing, in effect during the applicable fiscal year in its annual report to the Governor.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Public Utilities Commission; Life of the Land; Hawaii Alliance; Friends of Lana'i; Blue Planet Foundation; Indigenous Consultants; and sixteen individuals. Your Committee received comments on this measure from the Alternative Energy Committee of the Democratic Party Environmental Caucus and two individuals.

Your Committee finds that transparency in the process of purchasing renewable electricity generated from nonfossil fuel sources serves the interests of independent power producers who compete to sell energy to the energy utilities and the rate-paying public by creating an opportunity for review and oversight of the Public Utilities Commission's decision-making process. Public utilities are highly-regulated industries in the State, meaning



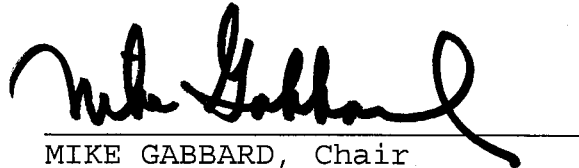
the utilities gain no competitive advantage from keeping their costs proprietary, while there is a significant, countervailing public interest in disclosing such costs.

Your Committee has amended this measure by:

- (1) Adding a new part amending section 269-121, Hawaii Revised Statutes, to:
  - (A) Clarify that the public benefits fee shall be used to support clean energy technology, demand response technology, energy use reduction, and demand-side management infrastructure; and
  - (B) Define "clean energy technology" to mean any commercially available technology that enables the State to meet the renewable portfolio standards and energy-efficiency portfolio standards approved by the Public Utilities Commission by rule or order; and
- (2) 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 Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1405, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1405, H.D. 2, S.D. 1, and be referred to the Committee on Commerce and Consumer Protection.

Respectfully submitted on  
behalf of the members of the  
Committee on Energy and  
Environment,



MIKE GABBARD, Chair



