

STAND. COM. REP. NO.

1030

Honolulu, Hawaii

MAR 22 2013

RE: H.B. No. 813
H.D. 1
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. 813, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ELECTRICITY PRODUCERS,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize the Public Utilities Commission and the Division of Consumer Advocacy to examine all documents and other information and data deemed necessary for the review of power purchase agreements submitted for review to the Public Utilities Commission and Division of Consumer Advocacy.

Your Committee received testimony in support of this measure from the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs; Public Utilities Commission; Hawaiian Electric Company, Inc.; and Friends of Lana'i. Your Committee received testimony in opposition to this measure from Solar Power Systems International, LLC; Bright Plain Renewable Energy, LLC; AES Solar Power; and First Wind. Your Committee received comments on this measure from the Department of Business, Economic Development, and Tourism.

Your Committee finds that in recent years, the cost to produce solar photovoltaic panels and wind turbines has significantly decreased. On the mainland, power purchase agreement prices for solar and wind projects have declined as production costs decreased and efficiencies increased. However,



Hawaii has not seen a similar decrease in power purchase agreement prices for solar and wind projects.

Your Committee further finds that this measure is intended to enable the Public Utilities Commission and Division of Consumer Advocacy to make the best possible decisions on power purchase agreements. However, your Committee has heard the concerns that the language in this measure is too broad and may result in adverse, unintended consequences. Your Committee concludes that an alternative approach to achieve the intent of this measure is recommended.

Accordingly, your Committee has amended this measure by:

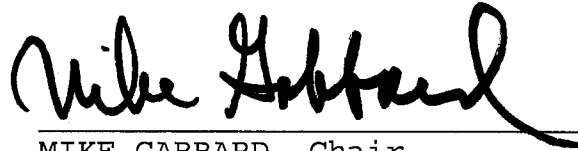
- (1) Removing language that would have authorized the Public Utilities Commission and the Division of Consumer Advocacy to examine all documents and other information and data deemed necessary for the review of power purchase agreements submitted for review to the Public Utilities Commission and Division of Consumer Advocacy;
- (2) Inserting language to require the Department of Business, Economic Development, and Tourism to convene the temporary Power Purchase Agreement Task Force to recommend methods to ensure that power purchase agreements, whether bilaterally negotiated or through competitive bid, reflect the fairest possible price for ratepayers;
- (3) Requiring the Power Purchase Agreement Task Force to report to the Legislature no later than twenty days prior to the convening of the Regular Session of 2014;
- (4) Amending the purpose section for clarity;
- (5) Inserting an effective date of upon approval; and
- (6) 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. 813, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 813,



H.D. 1, 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,

A handwritten signature in black ink that reads "Mike Gabbard". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

MIKE GABBARD, Chair



The Senate
Twenty-Seventh Legislature
State of Hawai'i

Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:* HB 813 HD1	Committee Referral: ENE, CPN	Date: 3/19/13		
<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
GABBARD, Mike (C)	<input checked="" type="checkbox"/>			
RUDERMAN, Russell E. (VC)	<input checked="" type="checkbox"/>			
CHUN OAKLAND, Suzanne				<input checked="" type="checkbox"/>
IHARA, Jr., Les	<input checked="" type="checkbox"/>			
SLOM, Sam				<input checked="" type="checkbox"/>
TOTAL	3			2
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**