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Statement of
Richard C. Lim
Director
Department of Business, Economic Development, and Tourism
before the
House Committee on Consumer Protection and Commerce

Monday, February 25, 2013
2:30PM
State Capitol, Conference Room 325

in consideration of

HB 1405, HD 1 RELATING TO THE PUBLIC UTILITIES COMMISSION.

Chair McKelvey, Vice Chair Kawakami, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports with amendments HB 1405, HD1, which would require the PUC to publish in its annual report a summary of power purchase agreements (PPAs) in effect during the fiscal year.

We believe that the proposed measure would increase transparency in PPA contracts, rightly serving both independent power producers and ratepayers.

In order to ensure that the intent of this bill is met, we recommend that the summary of PPAs specifically include pricing information. Thus, we recommend the following amended language (underlined below): “This report shall include”...“a summary of power purchase agreements, including pricing, in effect during the fiscal year” (lines 7- 8, page 2 of the measure).

Thank you for the opportunity to offer these comments.

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

FEBRUARY 25, 2013
2:30 p.m.

MEASURE: H.B. No. 1405, H.D. 1

TITLE: Relating to the Public Utilities Commission

Chair McKelvey and Members of the Committee:

DESCRIPTION:

H.B. No. 1405, H.D. 1 requires the Public Utilities Commission (“Commission”) to include as part of its Annual Report under Section 269-5, Hawaii Revised Statutes, “a summary of power purchase agreements in effect during the [reported] fiscal year.”

POSITION:

The Commission supports this measure.

COMMENTS:

The Commission appreciates the amendments made by the House Committee on Energy & Environmental Protection in adopting the H.D. 1. The Commission records – including power purchase contracts and related information – are publicly accessible through its Document Management System (“DMS”)¹, however, the Commission believes that this measure will provide the public an easier way to locate and access important power purchase contract information.

Thank you for the opportunity to testify on this measure.

¹To access the Commission’s publicly-accessible DMS database, please visit <http://dms.puc.hawaii.gov/dms/>.



HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

February 25, 2013, 2:30 P.M.

Room 325

(Testimony is 2 pages long)

TESTIMONY IN SUPPORT OF HB 1405 HD1

Chair McKelvey, Vice-Chair Kawakami, and members of the Committee:

The Blue Planet Foundation **supports** HB 1405 HD1, to increase transparency in power purchase agreements (“PPAs”). However, we **request one amendment** to ensure that HB 1405 HD1 successfully yields transparency of critical PPA terms.

Public energy utilities in Hawai'i are a regulated monopoly. Thus, utilities gain no competitive advantage from keeping their costs proprietary, and the public has an important interest in disclosure of those costs. As a result, there is no justifiable reason for the terms of PPAs to remain hidden from the rate-paying public. Indeed, increased market transparency will allow our energy market to operate more efficiently, leading to fairer opportunities for power producers, and leading to better rates for consumers. For this reason, Blue Planet supports HB 1405.

Presently, we understand that redacted versions of PPAs are eventually made available on the PUC's document management system. However, that system is difficult for members of the public to navigate, especially without the assistance of an attorney experienced in PUC matters.

The optimal solution to this problem would be to make un-redacted versions of PPAs easily accessible on the PUC website. HB 1405 HD1 is a compromise solution, insofar as it does not mandate disclosure of un-redacted PPAs, but does require the PUC to prepare a summary of PPAs in effect. In comparison, the original draft of HB 1405 required disclosure of the PPAs themselves.

Blue Planet believes that the original draft of HB 1405 is a more optimal solution to PPA transparency. The compromise represented in HD 1 is an acceptable interim solution, but only if the summary prepared by the PUC contains all critical terms.

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Thus, we request the following amendment, to (i) clarify that the PUC's summary shall contain all the terms critical to public disclosure of the energy contracts that impact ratepayers, (ii) to ensure that the annual report is made easily accessible to the public, and (iii) to reduce the PUC's burden by specifying that the required report and register may be made available electronically:

§269-5 Annual report and register of orders. The public utilities commission shall prepare and present to the governor, through the director of finance, in the month of January in each year a report respecting its actions during the preceding fiscal year. This report shall include summary information and analytical, comparative, and trend data concerning major regulatory issues acted upon and pending before the commission; cases processed by the commission, including their dispositions; utility company operations, capital improvements, and rates; utility company performance in terms of efficiency and quality of services rendered; a summary of power purchase agreements in effect during the fiscal year, including, but not limited to, for each applicable power purchase agreement, a summary of all terms relevant to present and future energy, capacity, and other charges, all terms relevant to variable or tiered rates, all terms relevant to the length of the utility's obligations, all terms relevant to the utility's right to purchase energy infrastructure, and all terms relevant to curtailment of energy provided under each power purchase agreement; environmental matters having a significant impact upon public utilities; actions of the federal government affecting the regulation of public utilities in Hawaii; long and short-range plans and objectives of the commission; together with the commission's recommendations respecting legislation and other matters requiring executive and legislative consideration. Copies of the annual reports shall be furnished by the governor to the legislature. In addition, the commission shall establish and maintain a register of all its orders, ~~and decisions, and reports prepared pursuant to this section,~~ which shall be open and readily available for public inspection on a publically accessible portion of the commission' website, and no order or decision of the commission shall take effect until it is filed and recorded in this register.

(material added to HD1 in underlining, and material deleted from HD1 in strikethrough)

We believe that these amendments will improve the effectiveness of HB 1405 in accomplishing its intended outcome. Thank you for this opportunity to testify.