

HB 1405, HD2, SD1

Measure Title: RELATING TO THE PUBLIC UTILITIES COMMISSION.

Report Title: Renewable Energy; Public Utilities Commission; Public Benefits Fee

Description: Requires the Public Utilities Commission to include a summary of the power purchase agreements in effect during the fiscal year in its annual report to the Governor. Clarifies the use of the public benefits fee under section 269-121, Hawaii Revised Statutes, to support clean energy technology, demand response technology, and energy use reduction and demand-side management infrastructure. Effective July 1, 2050. (SD1)

Companion: SB64

Package: None

Current Referral: ENE, CPN

Introducer(s): C. LEE



NEIL ABERCROMBIE
GOVERNOR

SHAN S. TSUTSUI
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TO THE SENATE COMMITTEE
ON COMMERCE AND CONSUMER PROTECTION

THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2013

THURSDAY, MARCH 28, 2013
9:30 A.M.

TESTIMONY OF JEFFREY T. ONO, EXECUTIVE DIRECTOR, DIVISION OF
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER
AFFAIRS, TO THE HONORABLE ROSALYN H. BAKER, CHAIR,
AND MEMBERS OF THE COMMITTEE

HOUSE BILL NO. 1405, H.D. 2, S.D. 1
RELATING TO THE PUBLIC UTILITIES COMMISSION

DESCRIPTION:

This measure proposes to require the Public Utilities Commission ("PUC") to include a summary of the power purchase agreements in effect during the fiscal year in its annual report to the Governor and clarifies the use of the public benefits fee under Section 269-121, Hawaii Revised Statutes ("HRS"), to support clean energy technology, demand response technology, and energy use reduction and demand-side management infrastructure, effective July 1, 2050.

POSITION:

The Division of Consumer Advocacy ("Consumer Advocate") supports the intent of the bill and offers the following comments and reservations.

COMMENTS:

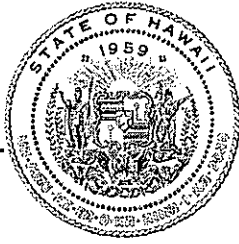
The Consumer Advocate understands the consumers' desire to know the exact amount for which they are paying for each power purchase agreement ("PPA") for renewable energy entered into by the electric utilities. On the other hand, the Consumer Advocate must weigh the consumers' desire to know against any potential consequences that may be detrimental to the consumers' interest in having the lowest possible PPA prices that are just and reasonable.

Currently, the PUC publishes price information for wind and solar photovoltaic PPAs on the PUC's document management system ("DMS"). The Hawaiian Electric Companies ("HECO, MECO, and HELCO") similarly provide this information for these renewable energy technologies upon filing their application for approval of the PPA. Thus, the practice of making public pricing information for wind and solar photovoltaic PPAs is already in place pursuant to a PUC order.

Where new technologies are concerned, however, the publication of price information for one PPA may set a price floor for subsequent PPAs for a project utilizing the same or similar technology. The Consumer Advocate would like to see PPAs that are priced at cost plus a reasonable profit margin. As technologies mature or material costs decrease, this should result in costs and therefore PPA pricing to decrease. If a subsequent independent power producer ("IPP") does not know the price of a previously approved PPA, then the subsequent IPP may be more likely to price its contract close to its actual cost, rather than the exact amount or slightly lower than the previously approved PPA, if pricing information for that PPA were to be made publicly available.

Therefore, the Consumer Advocate recommends that the current practice of allowing the PUC to determine whether PPA pricing information should be made publicly available should be allowed to continue without a statutory mandate.

Thank you for this opportunity to testify.



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

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of

Richard C. Lim
Director

Department of Business, Economic Development, and Tourism
before the

SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Thursday, March 28, 2013

9:30 a.m.

State Capitol, Conference Room 229

in consideration of

HB 1405, HD2, SD1 RELATING TO THE PUBLIC UTILITIES COMMISSION.

Chair Baker, Vice Chair Galuteria, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports HB 1405, HD2, SD1, which contains two parts. Part I would require the PUC to publish in its annual report a summary of power purchase agreements (PPAs), including pricing, in effect during the fiscal year. Part II would clarify and expand the use of the Public Benefits Fee (PBF) to include clean energy technology, demand response technology, and energy use reduction and demand-side management infrastructure, programs, and services, subject to the review and approval of the PUC.

We support this measure as Part I would increase PPA contract transparency, rightly serving both independent power producers and ratepayers. Furthermore, in Part II, clarifying and expanding the use of the PBF can help to increase the adoption of clean energy technology to help achieve the State's statutory Energy Efficiency Portfolio Standard and Renewable Portfolio Standard objectives.

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
SENATE COMMITTEE ON COMMERCE & CONSUMER PROTECTION

MARCH 28, 2013
9:30 a.m.

MEASURE: H.B. No. 1405, H.D. 2, S.D. 1

TITLE: Relating to the Public Utilities Commission

Chair Baker and Members of the Committee:

DESCRIPTION:

Part I of H.B. No. 1405, H.D. 2, S.D. 1 requires the Public Utilities Commission ("Commission") to include as part of its Annual Report under Section 269-5, Hawaii Revised Statutes ("HRS"), "a summary of power purchase agreements, including pricing, in effect during the [reported] fiscal year." Part II of this bill amends HRS § 269-121(b) to expand the uses of the Public Benefits Fee ("PBF") to support "clean energy technology," as defined in this measure, as well as other clean energy-enabling technologies and practices.

POSITION:

The Commission supports this measure and offers the following comments for the Committee's consideration.

COMMENTS:

Part I of this measure will help bring consistency to the reporting and formatting of information – including power purchase contracts and related information that is currently publicly available through the Commission's Document Management System

("DMS")¹ – and it will provide an easier way for the general public to locate and access power purchase contract information.

Part II of this measure will allow the Commission more flexible use of the PBF to serve the State's clean energy efforts via innovative programs like on-bill financing or on-bill repayment. The Commission requests the Committee make some clarifying amendments in Part II from page 3, line 10 to page 4, line 4 to read as follows:

(b) The public benefits fee shall be used to support ~~[energy efficiency]~~ clean energy technology, demand response technology, and energy use reduction and demand-side management infrastructure, programs, and services, subject to the review and approval of the public utilities commission. These moneys shall not be available to meet any current or past general obligations of the State; provided that the State may participate in any [energy efficiency or] clean energy technology, demand response technology, or energy use reduction and demand-side management infrastructure, programs, and services on the same basis as any other electric consumer. "Clean energy technology" means any commercially available technology that enables the State to meet the renewable portfolio standards under section 269-92, or the energy efficiency portfolio standards under section 269-96, and approved by the public utilities commission by rule or order.

Thank you for the opportunity to offer comments on this measure.

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