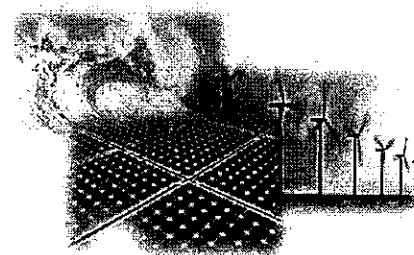


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SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

March 28, 2013, 9:30 A.M.

Room 229

(Testimony is 3 pages long)

TESTIMONY IN SUPPORT OF HB 1405 HD2 SD1

Chair Baker, Vice-Chair Galuteria, and members of the Committee:

The Blue Planet Foundation **supports** HB 1405 HD2 SD1, to increase transparency in power purchase agreements ("PPAs"). However, we **request an amendment** to Part I of the bill, to ensure that HB 1405 successfully yields transparency of the PPA terms that are critical to consumers, and to reduce the burden on the PUC and on consumers with respect to the summary of information described in the bill. Blue Planet supports the language of Part II as currently drafted.

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 HD2 SD1 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 HD2 SD1 can be an effective solution, but only if the summary prepared by the PUC provides easy-to-access information for each PPA in effect, and includes all the terms that are important to ratepayers. Such terms can include terms that impact the pricing structure and variability, capacity, curtailment, and other details that impact ratepayer costs and renewable energy interconnection.

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) ensure that the annual report is made easily accessible to the public, and (iii) reduce the burden on the PUC and ratepayers 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 each power purchase agreements in effect during the preceding fiscal, including but not limited to, for each applicable power purchase agreement, pricing, 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 HD2 SD1 in underlining)

We believe that these amendments will improve the effectiveness of HB 1405 HD2 SD1 in accomplishing its intended outcome, and that the PUC will benefit from this legislative guidance on what the annual summary should include.

Thank you for this opportunity to testify.