
A BILL FOR AN ACT

RELATING TO ELECTRICITY PRODUCERS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Electricity in Hawaii is increasingly supplied
2 by non-utility power generators that use a variety of both
3 fossil fuel and renewable energy resources. Electric utilities
4 acquire third-party supplied energy via power purchase
5 agreements that establish a final price for energy supplied
6 throughout the entire contract term, which typically lasts for
7 twenty years. Negotiated prices in purchased power agreements
8 are reviewed by the public utilities commission and the division
9 of consumer advocacy of the department of commerce and consumer
10 affairs, though the independent power producers' underlying cost
11 data and associated assumptions are not typically disclosed to
12 the commission and the division of consumer advocacy.

13 The purpose of this Act is to convene the power purchase
14 agreement task force to recommend methods to ensure that power
15 purchase agreements, whether bilaterally negotiated or through
16 competitive bid, reflect the fairest possible price for
17 ratepayers.



1 SECTION 2. (a) There is established the power purchase
2 agreement task force within the department of business, economic
3 development, and tourism for administrative purposes. The
4 department of business, economic development, and tourism shall
5 provide administrative support for the task force. The purpose
6 of the task force shall be to recommend methods to ensure that
7 power purchase agreements, whether bilaterally negotiated or
8 through competitive bid, reflect the fairest possible price for
9 ratepayers.

10 (b) The power purchase agreement task force shall consist
11 of the following members:

12 (1) The energy administrator of the Hawaii state energy
13 office of the department of business, economic
14 development, and tourism, who shall chair the power
15 purchase agreement task force;

16 (2) A representative from the department of business,
17 economic development, and tourism, in addition to the
18 energy administrator;

19 (3) A representative from the division of consumer
20 advocacy of the department of commerce and consumer
21 affairs;



- 1 (4) Four representatives from the public utilities
- 2 commission;
- 3 (5) A representative from the Hawaiian Electric Company,
- 4 Inc.;
- 5 (6) A representative from the Kauai Island Utility
- 6 Cooperative; and
- 7 (7) Five representatives from the renewable energy sector,
- 8 to be designated by the energy administrator.
- 9 (c) The power purchase agreement task force shall submit a
- 10 report on its findings and recommendations, including any
- 11 proposed legislation, to the legislature no later than twenty
- 12 days prior to the convening of the regular session of 2014.
- 13 (d) The power purchase agreement task force shall cease to
- 14 exist on June 30, 2014.

15 SECTION 3. This Act shall take effect upon its approval.

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Report Title:

Power Purchase Agreements; Task Force; Hawaii State Energy Office; Department of Business, Economic Development, and Tourism

Description:

Requires the department of business, economic development, and tourism to convene the 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. Report to the legislature. Task force ceases to exist 06/30/2014. (SD1)

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