
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 Complete access to underlying renewable energy project cost
14 information, including cost support information and associated
15 materials, would allow the commission and the division of
16 consumer advocacy to better determine the reasonableness of
17 proposed prices in the context of the local energy market,
18 independently track trends in renewable energy project



1 development, and more readily compare independent power
 2 producers' projects. More specific, detailed contract
 3 information can fundamentally shift the way renewable energy
 4 project costs are currently set so that they move more closely
 5 in line with the actual costs of energy production and are free
 6 of the influence of volatile fuel oil prices. In addition, more
 7 open and clear contract pricing information could potentially
 8 improve the financing environment for non-utility energy
 9 developers, thus benefiting the entire State through lower
 10 renewable energy project financing costs.

11 The purpose of this Act is to authorize the public
 12 utilities commission and the division of consumer advocacy to
 13 examine all records, projections, business documents, and other
 14 necessary information relating to the review by the commission
 15 and the division of consumer advocacy of power purchase
 16 agreements for the sale of electricity to a public utility.

17 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
 18 amended by adding a new section to be appropriately designated
 19 and to read as follows:

20 "§269- Power purchase agreements; records; confidential
 21 information. The public utilities commission and the division
 22 of consumer advocacy of the department of commerce and consumer



1 affairs shall have the authority to examine all documents,
2 ledgers, records, projections, contracts, or any other
3 information and data pertaining to the development, financing,
4 taxation, construction, or operations and maintenance of a
5 project in any power purchase agreement that has been submitted
6 to the commission and division of consumer advocacy for review
7 or approval, as the commission and division of consumer advocacy
8 deem necessary, including the information and data of any third-
9 party electricity producer seeking to sell electricity to a
10 public utility as defined within section 269-1; provided that
11 this section shall be effective to the extent it is not
12 inconsistent with applicable federal law. The commission and
13 the division of consumer advocacy shall maintain the
14 confidentiality of all information submitted under confidential
15 seal and provided in accordance with this section."

16 SECTION 3. New statutory material is underscored.

17 SECTION 4. This Act, upon its approval, shall take effect
18 on July 1, 2013.

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Report Title:

Power Purchase Agreements; Third-party Electricity Producers;
Independent Power Producers; Public Utilities Commission;
Division of Consumer Advocacy; Records; Business Records

Description:

Authorizes 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 before the commission and division of consumer advocacy, including financial records, projections, cost reports, and other material of third-party electricity producers seeking to sell power to a public utility under a power purchase agreement. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

