

JAN 18 2013

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# A BILL FOR AN ACT

RELATING TO PUBLIC UTILITIES.

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

1           SECTION 1. The legislature finds that in trying to  
2 transition to a clean energy economy by 2030, much focus is  
3 being placed on meeting the renewable portfolio standards  
4 mandate. It is anticipated that, with the expiration of federal  
5 incentives for renewable energy projects by the end of 2012,  
6 Hawaii will have a very difficult time in achieving the mandate  
7 of the Hawaii clean energy initiative.

8           Toward that end there are a number of small electrical  
9 generation projects that could greatly assist the State in  
10 achieving the Hawaii clean energy initiative mandate if those  
11 small projects could be negotiated and approved by the public  
12 utilities commission expeditiously. In particular, the public  
13 utilities commission has waived the requirement for competitive  
14 bidding for electrical generation projects less than five  
15 megawatts on Oahu and 2.7 megawatts on the neighbor islands.  
16 The projects, however, must still go through the extremely time  
17 consuming process for approval within the public utilities  
18 commission.



1           In negotiating a power purchase agreement with a developer,  
2 Hawaiian Electric Company, Inc., does or will have done intense  
3 analysis of all aspects of the proposed project including  
4 technology suitability and performance, electrical  
5 characteristics of the power being introduced into the grid,  
6 interconnection studies, the cost of the power being purchased  
7 by Hawaiian Electric Company, and environmental and permitting  
8 issues, among other things. No power purchase agreement can be  
9 signed by Hawaiian Electric Company if the developer cannot meet  
10 all of Hawaiian Electric Company's requirements.

11           When a power purchase agreement is received by the public  
12 utilities commission, the public utilities commission's staff  
13 reviews all aspects of the project, including those listed above  
14 that the Hawaiian Electric Company has already thoroughly  
15 assessed and completed. This process by the public utilities  
16 commission is currently taking six to eighteen months to  
17 complete. For small projects that fall under this umbrella, it  
18 would be extremely beneficial to the residents of the State of  
19 Hawaii to be able to achieve the benefits of locally produced  
20 renewable energy quickly.

21           Because the power company submitting a power purchase  
22 agreement has already done a thorough analysis of the project



1 from a technological and economic point of view and has deemed  
2 it a worthwhile agreement, it would be beneficial if the public  
3 utilities commission could do an expedited review process  
4 concentrating primarily on the impact of the project on the  
5 rates which consumers have to bear. Thus if the energy cost to  
6 the utility is at or below the avoided cost of the utility  
7 producing the electricity itself, the project should be  
8 approved.

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

12 "§269- Power purchase agreements; expedited review of  
13 certain renewable energy projects. In exercising its authority  
14 and duties under this chapter, the public utilities commission  
15 shall expeditiously review small project power purchase  
16 agreements, concentrating primarily on the impact of the project  
17 on the rate payer. Any project with energy costs that are at or  
18 below the avoided cost, as determined by the utility, shall be  
19 reviewed within ninety days of the receipt of the power purchase  
20 agreement from the utility by the public utilities commission;  
21 provide that the public utilities commission fails to complete



1 its review of the project within ninety days, the power purchase  
2 agreement is deemed approved.

3 For purposes of this section, "small project" means:

4 (1) Renewable energy projects located on Oahu less than  
5 five megawatts; and

6 (2) Renewable energy projects located on islands other  
7 than Oahu less than 2.7 megawatts."

8 SECTION 3. New statutory material is underscored.

9 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:

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# S.B. NO. 724

**Report Title:**

Small Renewable Energy Projects; Public Utilities Commission;  
Power Purchase Agreements; Expedited Review

**Description:**

Requires the public utilities commission to review power purchase agreements submitted by utilities for small renewable energy projects within ninety days. Applies to projects less than five megawatts on Oahu and less than 2.7 megawatts on islands other than Oahu. Deems power purchase agreements for those projects approved if the public utilities commission does not complete its review within ninety days.

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

