

Honolulu, Hawaii
February 14, 2014

RE: H.B. No. 1543
H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 1543 entitled:

"A BILL FOR AN ACT RELATING TO NET ENERGY METERING,"

begs leave to report as follows:

The purpose of this measure is to amend the net energy metering law to:

- (1) Require excess electricity credits that remain unused after each 12-month reconciliation period to be carried over to the next 12-month period (Credit Carryover); and
- (2) Require the electric utility to make available to eligible customer-generators the option of receiving compensation in lieu of credit for excess kilowatt-hours generated, at a rate to be determined by the Public Utilities Commission (Compensation Option).

The Hawaii Solar Energy Association and two concerned individuals testified in support of this measure. Hawaiian Electric Company, Inc., Maui Electric Company, and Hawaii Electric Light Company testified in opposition to this measure. The Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs; Public Utilities Commission; and Department of Business, Economic Development, and Tourism commented on this measure.



Your Committee has amended this measure by removing the Credit Carryover and Compensation Option and requiring instead that the Public Utilities Commission conduct a study on existing net energy metering contracts with customer-generators.

The Public Utility Commission would be required to submit its report to the Legislature and consider the following:

- (1) The value of electricity generated by residential eligible customer-generators that enter the grid;
- (2) The costs associated with the upgrades for the grid to enable residential eligible customer-generators to connect to the grid;
- (3) The feasibility of providing residential eligible customer-generators with the option of receiving compensation for any unused credits for excess electricity from the eligible customer-generator that is fed back to the grid and a potential rate of compensation for the excess electricity; and
- (4) The feasibility of allowing credits for excess electricity produced by eligible customer-generators and fed back to the grid to carry over to subsequent years.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1543, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1543, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,



CHRIS LEE, Chair



Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: <i>HB 1543</i>	Committee Referral: <i>EEP, CRE</i>	Date: <i>2/11/14</i>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. LEE, Chris (C)	X			
2. THIELEN, Cynthia (VC)	X			
3. CULLEN, Ty J.K.	X			
4. EVANS, Cindy	X			
5. HANOHANO, Faye P.				X
6. KAWAKAMI, Derek S.K.	X			
7. SAY, Calvin K.Y.			X	
8. NISHIMOTO, Scott Y.	X			
9. LOWEN, Nicole E.	X			
10. FALE, Richard Lee	X			
TOTAL (10)	<i>8</i>		<i>1</i>	<i>1</i>
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align:center; font-size: small;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <i>Cynthia Thielen</i>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				