

Honolulu, Hawaii
February 6, 2014

RE: H.B. No. 1943
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. 1943 entitled:

"A BILL FOR AN ACT RELATING TO THE MODERNIZATION OF THE HAWAII ELECTRIC SYSTEM,"

begs leave to report as follows:

The purpose of this measure is to take vital steps towards achieving Hawaii's clean energy goals by:

- (1) Ensuring that connection to the Hawaii electric system by customer-generators can be accomplished in a timely and reasonable manner;
- (2) Directing and appropriating funds for the Public Utilities Commission (Commission) to initiate a proceeding no later than July 1, 2014, to consider issues regarding:
 - (A) The deployment of upgrades to the Hawaii electric system; and
 - (B) Whether and what differentiated authorized rates of return on common equity are warranted to increase utility investments in transmission and distribution infrastructure and advanced grid modernization technology for anticipated growth of customer generation; and



- (3) Directing the Commission to adopt rules for the improved accessibility of residents to interconnect to the Hawaii electric system.

The Alliance for Solar Choice; RevoluSun; Pacific Resource Partnership; Blue Planet Foundation; Renewable Energy Action Coalition of Hawaii; Inter-Island Solar Supply; R & R Solar Supply; Hawaii Energy Connection; Hi-Power Solar; Sunpower; Solar Inspectors Hawaii; Sierra Club of Hawaii; REC Solar; Rising Sun; Hawaii PV Coalition; Hawaii Solar Energy Association; Sunrun, Inc.; Life of the Land; Sunetric; Environmental Caucus of the Democratic Party of Hawaii; and numerous individuals testified in support of this measure. The Division of Consumer Advocacy, Department of Commerce and Consumer Affairs; Department of Business, Economic Development, and Tourism; Public Utilities Commission; State Procurement Office; Hawaii Electric Company, Inc.; and two individuals commented on this measure.

In deliberation on this measure, your Committee notes that there are rare circumstances that require unusually high costs for interconnection infrastructure, and those costs may still have to be incurred by the entity wishing to connect to the grid but it should not be incurred by other electric utility ratepayers. Accordingly, your Committee has amended this measure by:

- (1) Clarifying the procedures for grid access and interconnection for eligible customer-generators;
- (2) Requiring that all rules and procedures established by the Commission shall be revised as necessary to ensure that any eligible customer-generator can interconnect on the Hawaii electric system in a timely manner and for a just and reasonable cost;
- (3) Changing the appropriation to an unspecified amount; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Should the House Committee on Finance deliberate on this measure, your Committee respectfully requests its consideration of an appropriation amount of \$750,000.



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. 1943, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1943, 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



