

Honolulu, Hawaii

APR 03 2014

RE: H.B. No. 1943
H.D. 2
S.D. 2

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 1943, H.D. 2, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to eliminate technical and economic barriers that prevent customer-generators from interconnecting to the Hawaii electric grid in a timely manner.

Specifically, this measure:

- (1) Amends the Public Utilities Commission principles regarding the modernization of the electric grid;
- (2) Requires the Public Utilities Commission to initiate regulatory actions no later than July 1, 2014, to address upgrades to the Hawaii electric system for anticipated growth of customer generation; and
- (3) Appropriates funds to the Public Utilities Commission and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs for the costs of the regulatory actions initiated by the Commission.



Your Committee received written comments in support of this measure from the Department of Business, Economic Development, and Tourism, the Public Utilities Commission - Department of Budget and Finance, Renewable Energy Action Coalition of Hawaii, Hawaii Solar Energy Association, Inter-Island Solar Supply, Sierra Club of Hawaii, Blue Planet Foundation, and one individual. Written comments in opposition were received from Hawaiian Electric Company, Inc. and one individual. The Hawaii Renewable Energy Alliance submitted written comments on the measure.

Your Committee finds that it is in the public interest to increase customer generation of electricity in Hawaii, which will decrease the State's dependency on imported oil, promote the development of clean energy sources, create jobs, foster economic development, and help address the State's future energy needs.

Your Committee further finds that removing technical and economic barriers that prevent customer-generators from interconnecting to the Hawaii electric system will prevent a loss of jobs in the solar energy industry and help the State meet its clean energy goals.

Your Committee has amended this measure by:

- (1) Changing the appropriation amounts to unspecified sums;
- (2) Clarifying that the appropriation to the Department of Commerce and Consumer Affairs shall be expended by the Division of Consumer Advocacy;
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (4) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1943, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1943, H.D. 2, S.D. 2.



Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. IGE, Chair



