

Honolulu, Hawaii

FEB 28 2013

RE: S.B. No. 19  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Madam:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 19 entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Exempt landlords and lessors who install renewable energy systems on their property and provide or sell power generated from the renewable energy system to an electric utility or lessee or tenant from the definition of "public utility"; and
- (2) Require that the rate schedule charged to the lessee or tenant for the power generated by the renewable energy system is fixed by the lease agreement.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Department of Taxation; Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs; Distributed Energy Partners; NAIOP Hawaii; Hawaiian Electric Company, Inc.; Blue Planet Foundation; Sierra Club, Hawai'i Chapter; Hawai'i Association of REALTORS; Forest City Hawaii; Carmel Partners; GSF, LLC; and thirteen individuals. Your Committee received comments on this measure from the Public Utilities Commission.



Your Committee finds that this measure provides an opportunity for renters to be able to benefit from the cost-savings of renewable energy systems, such as solar photovoltaic systems, without having to incur the cost of installing the systems themselves. This measure also provides landlords with investment opportunities that could ultimately benefit landlords and tenants.

Your Committee has heard the concerns that this measure may introduce the potential for wheeling energy. In situations where a landlord or lessor is located on the same or contiguous property, but is separately metered from the tenants to the electric utility's system, the utility would be required to wheel electrical energy between the landlord or lessor and the tenant through the utilities distribution system. Because wheeling is a complex process that raises many issues, amendments to this measure are necessary.

Your Committee has also heard the concerns that tenants and lessees who may not have bargaining power equal to that of landlords and lessors may not receive the appropriate cost-savings benefits contemplated by this measure. Amendments to this measure are therefore necessary to ensure adequate protection for tenants and lessees.

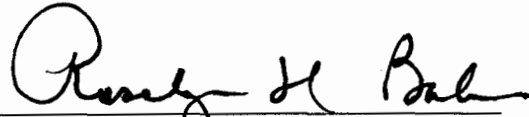
Accordingly, your Committee has amended this measure by:

- (1) Addressing the potential problems of wheeling energy by requiring renewable energy systems to be limited to properties where the owner or lessor and the tenant are served by the same utility meter and service connections;
- (2) Specifying that tenants and lessees shall not be required to pay their respective landlords or lessors an amount that exceeds the rate charged by the electric utility; and
- (3) Specifying that any disputes over the rate schedule charged to the lessee or tenant for the power generated by the renewable energy system shall be resolved pursuant to the provisions of the lease agreement or chapter 521, Hawaii Revised Statutes, as applicable.



As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 19, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 19, S.D. 1.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,



ROSALYN H. BAKER, Chair



