
A BILL FOR AN ACT

RELATING TO PERFORMANCE-BASED REGULATION.

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

1 SECTION 1. The legislature finds that the economy of the
2 State is dangerously dependent upon the volatile prices of
3 imported fossil fuels. In order to provide security and
4 stability for the economy of the State, the State must end its
5 reliance upon imported fuels and must decrease energy costs in
6 the long-term. The legislature further finds that while the
7 State's energy sector is changing rapidly, electric utility
8 companies need to make more progress toward ensuring the long-
9 term public benefit of these changes and must be prepared to
10 adapt to changing technology and a decentralized energy market.

11 The purpose of this Act is to establish performance-based
12 regulation to motivate electric utility companies in meeting the
13 State's energy goals.

14 SECTION 2. Section 269-92, Hawaii Revised Statutes, is
15 amended by amending subsection (a) to read as follows:



1 (a) Each electric utility company that sells electricity
2 for consumption in the State shall establish a renewable
3 portfolio standard of:

4 (1) Ten per cent of its net electricity sales by December
5 31, 2010;

6 (2) Fifteen per cent of its net electricity sales by
7 December 31, 2015;

8 (3) Twenty-five per cent of its net electricity sales by
9 December 31, 2020; [and]

10 (4) Forty per cent of its net electricity sales by
11 December 31, 2030[-];

12 (5) Seventy per cent of its net electricity sales by
13 December 31, 2040; and

14 (6) One hundred per cent of its net electricity sales by
15 December 31, 2050."

16 SECTION 3. (a) There shall be established performance
17 criteria as long-term end goals to be met by electric utility
18 companies, as follows:

19 (1) Renewable portfolio standards;

20 (2) Elimination of imported fuels for electricity
21 generation;



1 (3) Divestment of utility-owned generation, specifically,
2 ninety per cent divestiture to independent generators
3 by 2050;

4 (4) Equitable expansion of distributed generation to meet
5 public demand;

6 (5) Empowering ratepayers to participate in programs and
7 rate structures that provide them with control over
8 their electricity costs; and

9 (6) Ratepayer cost reduction.

10 (b) Every five years, the public utilities commission
11 shall establish:

12 (1) Specific goals based upon the criteria in subsection

13 (a) that an electric utility company shall meet; and

14 (2) Incentives that it deems appropriate during the next
15 five-year period.

16 The public utilities commission shall determine whether an
17 electric utility company has met the goals of the prior five-
18 year period and may impose conditions upon an electric utility
19 company if the electric utility company has not met the goals.

20 (c) By October 1, 2016, the public utilities commission
21 shall establish interim goals that electric utility companies



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1 shall meet and related incentives for meeting those goals during
 2 the first five-year period. The public utilities commission.
 3 shall require each electric utility company to submit a plan by
 4 January 1, 2017, that describes:

5 (1) How the electric utility company will meet the five-
 6 year goals; and

7 (2) How the electric utility company will adapt its
 8 current business model to meet the long-term end
 9 goals.

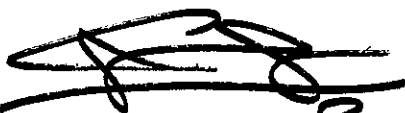
10 (d) After the public utilities commission has updated its
 11 five-year interim goals and incentives, each electric utility
 12 company shall submit to the commission an updated plan as
 13 described under subsection (c).


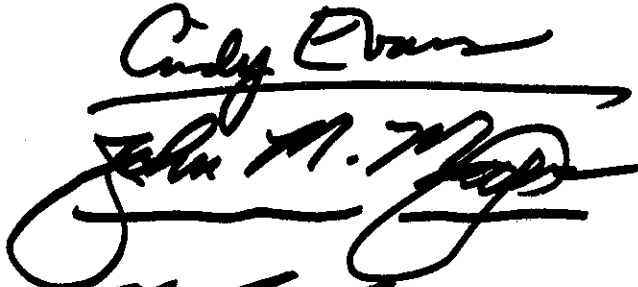


14 SECTION 4. Statutory material to be repealed is bracketed
 15 and stricken. New statutory material is underscored.

16 SECTION 5. This Act shall take effect on January 1, 2016.

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INTRODUCED BY:


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H.B. NO. 1512

Report Title:

Public Utilities Commission; Electric Utility Companies;
Performance-Based Regulation

Description:

Establishes performance-based criteria from which the PUC must periodically establish goals that the electric utility companies must meet or be subject to the imposition of conditions.

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