
A BILL FOR AN ACT

RELATING TO ENERGY.

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

1 SECTION 1. The legislature finds that power purchase
2 agreements entered into by electric utilities and approved by
3 the public utilities commission frequently prohibit power
4 producers from selling energy to third parties, even if that
5 energy is being curtailed and not purchased by the utility. The
6 legislature further finds that it is not in the public interest
7 for the public utilities commission to approve power purchase
8 agreements that promote the waste of energy in this way. Rather
9 than being wasted, curtailed energy could serve the people of
10 Hawaii by being converted into clean fuels such as hydrogen,
11 which can be stored for later use or otherwise be used in a
12 productive manner.

13 The purpose of this Act is to promote efficiency,
14 resilience, and innovation in Hawaii's energy system by
15 prohibiting the public utilities commission from approving power
16 purchase agreements that prohibit the sale of energy to third



1 parties or require utility consent to sell energy to third
2 parties.

3 SECTION 2. Section 269-16.22, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "[+]§269-16.22[+] Power purchase agreements; cost recovery
6 for electric utilities. (a) All power purchase costs,
7 including costs related to capacity, operations and maintenance,
8 and other costs that are incurred by an electric utility
9 company, arising out of power purchase agreements that have been
10 approved by the public utilities commission and are binding
11 obligations on the electric utility company, shall be allowed to
12 be recovered by the utility from the customer base of the
13 electric utility company through one or more adjustable
14 surcharges, which shall be established by the public utilities
15 commission. The costs shall be allowed to be recovered if
16 incurred as a result of such agreements unless, after review by
17 the public utilities commission, any such costs are determined
18 by the commission to have been incurred in bad faith, out of
19 waste, out of an abuse of discretion, or in violation of law.
20 For purposes of this section, an "electric utility company"
21 means a public utility as defined under section 269-1, for the



1 production, conveyance, transmission, delivery, or furnishing of
2 electric power.


3 (b) The public utilities commission shall not approve any
4 power purchase agreement for renewable energy, nor approve any
5 amendment, modification, or renewal of any power purchase
6 agreement for renewable energy if the subject power purchase
7 agreement prohibits the sale of energy to third parties or
8 requires utility consent to sell energy to third parties, to the
9 extent that the renewable energy will be converted from
10 electrical energy to another form of energy, including but not
11 limited to chemical or thermal energy, or will be stored for
12 later distribution to an electric utility."

13 SECTION 3. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 4. This Act shall take effect on July 1, 2016.

16

INTRODUCED BY: 


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H.B. NO. 2573

Report Title:

Public Utilities Commission; Power Purchase Agreement

Description:

Prevents the Public Utilities Commission from approving power purchase agreements that prohibit the sale of energy to third parties or require the utility consent to the sale of energy to third parties.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

