

Honolulu, Hawaii

MAR 27 2015

RE: H.B. No. 1504
H.D. 2
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Eighth State Legislature
Regular Session of 2015
State of Hawaii

Madam:

Your Committees on Energy and Environment and Commerce and Consumer Protection, to which was referred H.B. No. 1504, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require the Legislative Reference Bureau to conduct an energy utility study to assess and compare the State's for-profit energy utilities with specific publicly or cooperatively owned energy utilities in the United States;
- (2) Require the Legislative Reference Bureau to submit a report of its findings to the Legislature no later than twenty days prior to the convening of the Regular Session of 2016;
- (3) Establish a cap on the Hawaii electricity reliability surcharge for interconnection costs to the Hawaii electric system; and
- (4) Appropriate funds for the energy utility study.

Your Committees received testimony in support of this measure from two individuals. Your Committees received testimony in



opposition to this measure from the State Procurement Office and Hawaiian Electric Company, Inc. Your Committees received comments on this measure from the Department of Business, Economic Development, and Tourism and the Legislative Reference Bureau.

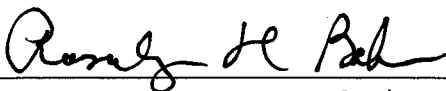
Your Committees find that the State is precariously dependent on the volatile prices of imported fuels. A stronger and more stable local economy depends on a transition away from imported fuels and toward renewable local resources that provide a source of affordable energy. The State's energy sector is rapidly changing, and for-profit energy utilities must adapt to changing technology and a decentralized energy market. Implementation of this measure will further Hawaii's goals of energy security, self-sufficiency, and sustainability.

Your Committees have amended this measure by:

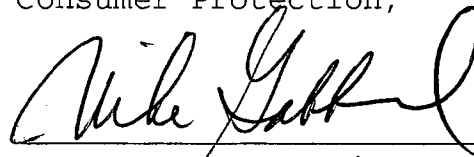
- (1) Eliminating the cap on the Hawaii electricity reliability surcharge for interconnection costs to the Hawaii electric system;
- (2) Amending section 1 to reflect the amended purpose; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1504, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1504, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Energy and
Environment and Commerce and
Consumer Protection,



ROSALYN H. BAKER, Chair



MIKE GABBARD, Chair



