

Honolulu, Hawaii

February 10, 2017

RE: H.B. No. 1280

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 1280 entitled:

"A BILL FOR AN ACT RELATING TO ENERGY MODERNIZATION AT THE DEPARTMENT OF EDUCATION,"

begs leave to report as follows:

The purpose of this measure is to promote energy modernization in Hawaii by:

- (1) Allowing the Department of Education to establish electric microgrids at public schools and other properties owned, leased, or controlled by the Department; and
- (2) Exempting these microgrids from regulation by the Public Utilities Commission.

The Department of Education, OpTerra Energy Services, and a concerned individual supported this measure. The Hawaiian Electric Company, Maui Electric Company, and Hawaii Electric Light Company opposed the measure. The Public Utilities Commission and Life of the Land submitted comments.

Your Committee has amended this measure by deleting its contents and instead require the Public Utilities Commission to:



- (1) Study and determine a reasonable microgrid rate schedule, based on specified goals, that the Department of Education may charge to users of its microgrid;
- (2) Study and determine a fair and reasonable amount that an electric utility company may assess the Department of Education for using the electrical infrastructure of the electric utility company, including maintenance costs or any electricity produced by the electric utility company, if applicable;
- (3) Establish oversight policies for any microgrid projects that the Department of Education may establish that extend beyond lands and buildings owned and controlled by the Department; and
- (4) Technical substantive amendments were made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1280, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1280, H.D. 1, and be referred to your Committee on Education.

Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,



CHRIS LEE, Chair



