

STAND. COM. REP. NO. 765

Honolulu, Hawaii
February 15, 2017

RE: H.B. No. 1569
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. 1569 entitled:

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

begs leave to report as follows:

The purpose of this measure is to minimize conflicts of interest in the grid planning process by requiring the Public Utilities Commission, in its consideration of certain types of grid modernization plans, to direct an independent third party to establish the initial grid modernization plan, after which all stakeholders may comment in a public hearing.

Two individuals supported this measure. Life of the Land and Blue Planet Foundation supported the intent of this measure. The Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs and Public Utilities Commission provided comments.

Your Committee notes the concerns raised by the Division of Consumer Advocacy regarding the difficulty of determining the liability of an entity for system events, such as blackouts, that may be attributed to a grid modernization plan that was developed by a third party. However, there are still avenues for recourse, since the Public Utilities Commission is authorized to investigate and determine the cause of system events and assess penalties on the appropriate party.

HB1569 HD1 HSCR EEP HMS 2017-1882



Your Committee has amended this measure by:

- (1) Requiring the Public Utilities Commission to open an investigative proceeding to examine the objectives, assumptions, and models of the grid modernization plan being considered before any plan is established; and
- (2) Applying this measure to all grid modernization planning processes begun after January 1, 2018.

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. 1569, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1569, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

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



CHRIS LEE, Chair



