

STAND. COM. REP. NO.

1129

Honolulu, Hawaii

MAR 24 2017

RE: H.B. No. 848
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committees on Higher Education and Transportation and Energy, to which was referred H.B. No. 848, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY MODERNIZATION AT THE UNIVERSITY OF HAWAII SYSTEM,"

beg leave to report as follows:

The purpose and intent of this measure is to authorize, encourage, and facilitate the development and use of microgrids at the various campuses and facilities operated by the University of Hawaii by exempting microgrids that promote and serve public higher education institutions from regulation as a public utility by the Public Utilities Commission.

Your Committees received testimony in support of this measure from the University of Hawai'i System, University of Hawai'i at Hilo, University of Hawai'i West Oahu, Americans for Democratic Action, Energy Research Systems, Sierra Club of Hawai'i, and three individuals. Your Committees received testimony in opposition to this measure from Hawaiian Electric Company, Inc.; International Brotherhood of Electrical Workers Local Union 1260; Chamber of Commerce Hawaii; Graham Builders; and Land Use Research Foundation of Hawaii. Your Committees received comments on this measure from the Public Utilities Commission, Department of Commerce and Consumer Affairs, Life of the Land, and Hawaii Energy Policy Forum.



Your Committees support the advancement of renewable energy and energy efficiency in Hawaii, and recognize that microgrids are an increasingly utilized technology that can help expand the use of clean energy in the State. Microgrids can facilitate the achievement of Hawaii's clean energy policies by enabling the integration of higher levels of renewable energy and advanced distributed energy resources, including energy storage and demand response.

Your Committees find that the University of Hawaii needs to develop large-scale renewable energy projects to benefit students, the community, and to successfully achieve the State's goal of one hundred percent clean energy by 2045. Your Committees acknowledge the significant amount that the University expends each year for electricity, and that this measure would improve the University's ability to pursue renewable energy projects. However, your Committees heard concerns about this measure, including that exempting certain microgrids from regulation by the Public Utilities Commission would leave unsettled important issues such as the establishment of reasonable rates and minimum standards for interconnection and reliability. While your Committees appreciate the need for microgrids and the advancement of energy efficiency efforts at the University of Hawaii, your Committees have concerns about the scope of this measure and the unresolved issues surrounding wheeling, rates, and regulation.

Accordingly, your Committees have amended this measure by:

- (1) Requiring the University of Hawaii to develop a microgrid plan for one demonstration project at any property owned, leased, or controlled by the University and authorizing the University to select the location for the project;
- (2) Requiring the University of Hawaii to submit a report on the microgrid project to the Legislature prior to the Regular Session of 2018;
- (3) Removing provisions that:



- (A) Authorized the University of Hawaii to establish one or more microgrid projects at any properties owned, leased, or controlled by the University;
 - (B) Exempted microgrids that promote and serve public higher education institutions from regulation as a public utility by the Public Utilities Commission; and
 - (C) Defined the term "microgrid";
- (4) Updating the purpose section; and
 - (5) 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 Higher Education and Transportation and Energy that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 848, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 848, H.D. 2, S.D. 1, and be referred to your Committees on Commerce, Consumer Protection, and Health and Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Higher Education
and Transportation and Energy,



LORRAINE R. INOUE, Chair



KATALINA KAHALE, Chair



The Senate
Twenty-Ninth Legislature
State of Hawai'i

Record of Votes
Committee on Higher Education
HRE

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 848, HD 2	HRE/TRE, CPH/WAM	3/21/2017		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KAHELE, Kaiali'i (C)	X			
KIDANI, Michelle N. (VC)				X
ESPERO, Will	X			
KEITH-AGARAN, Gilbert S.C.	X			
TANIGUCHI, Brian T.		X		
TOTAL	3	1		1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<i>Will Espero</i>				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes

The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Transportation and Energy
TRE

Bill / Resolution No.:* HB 848, HD2	Committee Referral: HRE/TRE, CPH/WAM	Date: 03/21/17		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
INOUE, Lorraine R. (C)	/			
DELA CRUZ, Donovan M. (VC)				/
ENGLISH, J. Kalani				/
HARIMOTO, Breene	/			
SHIMABUKURO, Maile S.L.	/			
TOTAL	3			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

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