

STAND. COM. REP. NO.

212

Honolulu, Hawaii

February 8, 2019

RE: H.B. No. 452

H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committees on Agriculture and Energy & Environmental Protection, to which was referred H.B. No. 452 entitled:

"A BILL FOR AN ACT RELATING TO PREFERENTIAL ELECTRICITY RATES FOR PROTECTED AGRICULTURE,"

beg leave to report as follows:

The purpose of this measure is to support protected agriculture, which includes any crop production technology that uses partial or full control of a plant's micro-climate to target the particular species' requirements but excludes the production of medical cannabis. Specifically, this measure authorizes the Public Utilities Commission (PUC) to establish preferential electricity rates for qualifying agricultural activities that use protected agriculture to produce fruits and vegetables for distribution.

The Department of Agriculture, Hawai'i Farm Bureau, Ulupono Initiative, Hawaiian Electric Company and its subsidiaries Maui Electric Company and Hawai'i Electric Light Company, MetroGrow Hawaii, Farm Maui, LLC, SanHi Government Strategies, O'ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i, and two individuals supported this measure. The PUC and Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs provided comments.

HB452 HD1 HSCR AGR-EEP HMS 2019-1835



Your Committees have amended this measure by changing the effective date to July 1, 2150, to encourage further discussion.

Your Committees note that the Legislature has previously allowed the PUC to set preferential rates for potable water for agricultural customers, transportation for agricultural customers, and electricity for renewable energy produced in conjunction with agricultural activities. However, the authorization to establish preferential rates to benefit the producers of agricultural products that utilize the techniques and technologies of protected agriculture may come at the expense of other public utility ratepayers, who may have to subsidize the preferential rates. Further, because of its high energy requirements, protected agriculture may benefit from the integration of energy storage technology with their operations to offset the energy demand.

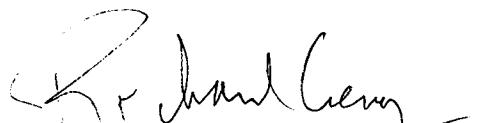
Your Committees further note that the definition of "protected agriculture" in the measure should be clarified to include the types of activities, techniques, and technologies to facilitate the implementation of this measure.

As affirmed by the records of votes of the members of your Committees on Agriculture and Energy & Environmental Protection that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 452, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 452, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committees on Agriculture and
Energy & Environmental
Protection,



NICOLE E. LOWEN, Chair



RICHARD P. CREAGAN, Chair



Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: HB452	Committee Referral: AGR/EEP, CPC, FIN	Date: 2.6.19		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. LOWEN, Nicole E. (C)	✓			
2. WILDBERGER, Tina (VC)	✓			
3. HAR, Sharon E.				✓
4. TARNAS, David A.	✓			
5. TODD, Chris	✓			
6. YAMANE, Ryan I.				✓
7. THIELEN, Cynthia				✓
TOTAL (7)	4	0	0	3
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. _____ committee acronym(s)				
Vice Chair's or designee's signature: <u>Tina Wildberger</u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				