

STAND. COM. REP. NO. 2664

Honolulu, Hawaii

FEB 16 2024

RE: S.B. No. 2505

S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committees on Commerce and Consumer Protection and Energy, Economic Development, and Tourism, to which was referred S.B. No. 2505 entitled:

"A BILL FOR AN ACT RELATING TO THE PUBLIC UTILITIES COMMISSION,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require the Public Utilities Commission to establish reliability standards and interconnection requirements for the Hawaii Electric System;
- (2) Establish system resilience as a metric that is monitored and considered by the Commission;
- (3) Require the Commission to collect the Hawaii Electricity Reliability Surcharge and provide that the surcharge may be transferred to the Commission for the purpose of its duties; and
- (4) Require the Commission to contract for the performance of certain functions with a Hawaii Electricity Reliability Administrator.



Your Committees received testimony in support of this measure from the Public Utilities Commission and Hawaii Clean Power Alliance.

Your Committees received testimony in opposition to this measure from the Hawaiian Electric Company, Inc.

Your Committees received comments on this measure from the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs.

Your Committees find that maintaining a resilient electric system is of vital importance for the State, especially given Hawaii's geographically isolated location, miles away from the mainland United States. As such, your Committees find that electric system resilience should be a metric that is actively monitored and considered by the Public Utilities Commission.

Your Committees also recognize that although the Public Utilities Commission has created certain modified interconnection requirements and developed various reliability metrics to monitor and maintain the Hawaii Electric System, this role of the Commission is currently discretionary. Likewise, your Committees also find that the Commission has the discretion, but is not required, to charge a Hawaii Electric Reliability Surcharge and to contract with a Hawaii Electric Reliability Administrator. Your Committees find that by requiring the Public Utilities Commission to adopt a comprehensive set of interconnection and reliability standards, to charge a Hawaii Electric Reliability Surcharge, and contract with a Hawaii Electric Reliability Administrator, this measure will ensure that the State has the ability to rapidly recover from future unexpected natural and human-caused disasters.

Notwithstanding, your Committees have heard the testimony of the Department of Commerce and Consumer Affairs, stating that the Public Utilities Commission's ongoing regulatory efforts, existing reporting requirements, and existing performance incentive mechanisms are already sufficient to assess, compel, and incentivize electric utility companies to meet certain reliability targets and achieve resiliency goals without being mandatory. Your Committees therefore find that eliminating the Commission's discretionary authority is unnecessary, and that amendments to this measure are therefore necessary to address this matter.



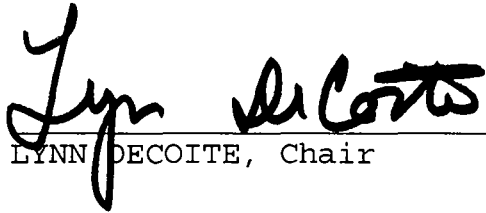
Accordingly, your Committees have amended this measure by:

- (1) Deleting the proposed amendments to:
 - (A) Sections 269-142(a) and (b), Hawaii Revised Statutes (HRS), thereby retaining the Commission's discretionary authority to adopt reliability standards and interconnection requirements;
 - (B) Section 269-146(a), HRS, thereby retaining the Commission's discretionary authority to charge a Hawaii Electric Reliability Surcharge; and
 - (C) Section 269-147(a), HRS, thereby retaining the Commission's discretionary authority to contract with a Hawaii Electric Reliability Administrator;
- (2) Amending section 1 to reflect its amended purpose;
- (3) Inserting an effective date of July 1, 2040, to encourage further discussion; and
- (4) 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 Commerce and Consumer Protection and Energy, Economic Development, and Tourism that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2505, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2505, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Commerce and
Consumer Protection and Energy,
Economic Development, and
Tourism,


LYNN DECOITE, Chair


JABRETT KEOHOKALOLE, Chair



