
A BILL FOR AN ACT

RELATING TO ENERGY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that it is imperative to
2 enable the development of affordable clean energy resources for
3 the benefit of utility customers in the State. Many existing
4 generating units in the State will need to be retired in the
5 next few years due to obsolescence and environmental permitting
6 requirements. The impending retirement of these units makes it
7 urgent to obtain replacement resources, without which the
8 reliability of electric supplies in the State will be at risk.
9 In addition, continued reliance on these aging units, even if
10 feasible, would result in increased costs for utility customers
11 and continued reliance on fossil fuels, contrary to the State's
12 policy to transition to renewable, non-carbon-emitting
13 resources.

14 The procurement of replacement clean energy resources by a
15 certain investor-owned electric utility and its electric utility
16 subsidiaries is ongoing in its Stage 3 request for proposals and
17 further anticipated in its first Integrated Grid Planning



1 request for proposals. These requests for proposals set forth
2 energy plans that have been developed through extensive
3 engagement with local stakeholders and communities and reviewed
4 and approved by the public utilities commission. The
5 legislature finds that successful procurement of clean energy
6 resources is in the public interest and necessary to avoid
7 significant detrimental reliability and affordability impacts to
8 electric utility customers.

9 The legislature further finds that the development of clean
10 energy resources by independent power producers is essential to
11 achieve the State's goals of one hundred per cent net
12 electricity sales from renewable sources by 2045, a zero
13 emissions economy by 2045, and greater energy security and
14 energy diversification, as established by the Hawaii state
15 planning act and existing public utility laws.

16 The legislature also finds that continued development of
17 clean energy resources requires adequate assurances that
18 payments for purchased power will be made to independent power
19 producers as and when due by the utility under power purchase
20 agreements. The current sub-investment-grade status of a
21 certain investor-owned electric utility and its subsidiaries,



1 arising from the tragic events that occurred in the 2023 Maui
2 wildfires, has led independent power producers, and those who
3 would otherwise finance renewable energy projects, to raise
4 concerns about the reliability of payment by the utility and its
5 subsidiaries under power purchase agreements procured through
6 the Stage 3 and Integrated Grid Planning requests for proposals.
7 Those concerns may cause independent power producers to cancel
8 renewable energy projects or increase the prices they would
9 charge for deliveries to address this perceived credit risk.
10 Either outcome would be contrary to the interests of electric
11 utility customers in the State.

12 The legislature further finds that the public interest
13 would be served if the department of budget and finance enters
14 into step-in agreements with independent power producers,
15 pursuant to which the department of budget and finance would
16 agree to make payments to the independent power producers after
17 a failure by an electric utility to make required payments
18 pursuant to the terms of the power purchase agreements. The
19 department of budget and finance's obligation to make payments
20 pursuant to the terms of a step-in agreement is limited to the
21 moneys received from power purchase charges associated with a



1 power purchase agreement subject to a step-in agreement and
2 reserve fees that are on deposit in the power purchase costs
3 trust fund established by the department of budget and finance.
4 Neither the full faith and credit of the State, nor any other
5 moneys of the State, will be pledged for any obligations under a
6 step-in agreement.

7 The legislature finds that step-in agreements may provide
8 assurances that payments for purchased power will be made to
9 independent power producers as and when due by the utility under
10 the covered power purchase agreements. The legislature also
11 finds that the intent of this Act is further served by
12 appointing, authorizing, and empowering the electric utility to
13 serve as the billing, collection, and payment agent of the
14 department of budget and finance. Prior to a payment default by
15 the electric utility, the electric utility will be authorized to
16 utilize moneys received from independent power producers related
17 to power purchase charges to discharge its obligations to pay
18 independent power producers for electric energy and related
19 products. The obligations of the department of budget and
20 finance under this Act are undertaken for a public purpose,
21 namely, the protection of public health, safety, and welfare by



1 supporting the development of clean energy resources that are
2 needed for the reliable provision of electric supply at a
3 reasonable cost.

4 Therefore, the purpose of this Act is to:

5 (1) Require the department of budget and finance to enter
6 into a step-in agreement with an independent power
7 producer under which the department of budget and
8 finance will agree to make required payments from
9 moneys received from independent power producers
10 related to power purchase charges and reserve fees to
11 the independent power producer after a failure by the
12 electric utility to make required payments pursuant to
13 the terms of a power purchase agreement;

14 (2) Require the department of budget and finance to
15 establish a trust fund outside the state treasury that
16 shall be capitalized by money from a surcharge
17 supporting a reserve account and, in the event of a
18 default, by money received from power purchase
19 charges, in each case associated with covered power
20 purchase agreements, for the fulfillment of payment
21 obligations arising from the power purchase agreement;



(3) Establish that money collected from on-bill charges associated with covered power purchase agreements and money from a surcharge supporting a reserve account that are deposited in the power purchase costs trust fund shall be held in trust by the State, and that independent power producers shall hold a beneficial interest in such moneys to the extent of the amounts owed to such independent power producers under the covered power purchase agreements; and

(4) Appoint, authorize, and empower the electric utility to serve as the billing, collection, and payment agent of the department of budget and finance to implement the requirements of this Act.

SECTION 2. Chapter 269, Hawaii Revised Statutes, is amended by adding a new part to be appropriately designated and to read as follows:

"PART . STEP-IN AGREEMENTS COVERING POWER PURCHASE COSTS

§269-A Definitions. As used in this part:

"Covered power purchase agreement" means a power purchase agreement that is subject to a step-in agreement.



1 "Default" means the failure by an electric utility to pay
2 power purchase costs as and when due to an obligee under a
3 covered power purchase agreement after the expiration of any
4 applicable grace or cure periods and extensions thereto.

5 "Default" does not mean a bankruptcy filing by an electric
6 utility.

7 "Department" means the department of budget and finance, or
8 any successor by law.

9 "Electric utility" means a public utility that produces,
10 conveys, transmits, delivers, or furnishes electric power.

11 "Energy cost recovery clause" means the provision, or other
12 equivalent, in an electric utility's rate schedules that allows
13 the electric utility to recover its costs of fuel, expenses, and
14 related taxes for energy costs of power purchased under a power
15 purchase agreement.

16 "Fund" means the power purchase costs trust fund
17 established pursuant to section 269-D.

18 "Investment grade status" means a credit rating for the
19 electric utility's senior unsecured long-term debt obligations
20 or an issuer credit rating for the electric utility, in each



1 case, without regard for third-party credit enhancements, from
2 at least two out of three of the following:

- 3 (1) BBB- or higher for S&P Global Ratings, or any
4 successor by law;
5 (2) BAA3 or higher by Moody's Investor Services, Inc., or
6 any successor by law; or
7 (3) BBB- or higher by Fitch Ratings, Inc., or any
8 successor by law.

9 "Obligee" means any user, owner, or operator of the Hawaii
10 electric system that is owed payment of power purchase costs by
11 an electric utility under a power purchase agreement.

12 "Power purchase agreement" means a contract between an
13 electric utility and a user, owner, or operator of the Hawaii
14 electric system, approved by the public utilities commission,
15 pursuant to which the electric utility agrees to purchase, and
16 the user, owner, or operator of the Hawaii electric system
17 agrees to sell, electric energy and related products produced by
18 plants or facilities that have not provided, sold, or
19 transmitted electricity to the electric utility before July 1,
20 2025.



1 "Power purchase charges" means the on-bill charges,
2 excluding reserve fees, authorized by the public utilities
3 commission to be imposed on and collected from all existing and
4 future customers of an electric utility or any successor for
5 power purchase costs, including but not limited to the energy
6 cost recovery clause and the purchased power adjustment clause.

7 "Power purchase costs" means costs incurred by an electric
8 utility pursuant to the terms of a power purchase agreement.

9 "Power purchase costs" include but are not limited to costs such
10 as termination payments payable by an electric utility in
11 connection with the termination of a power purchase agreement as
12 a result of a default by such electric utility thereunder and
13 all categories of costs recoverable under the energy cost
14 recovery clause and the purchased power adjustment clause under
15 their respective tariffs in effect on July 1, 2025.

16 "Purchased power adjustment clause" means the provision, or
17 other equivalent, in an electric utility's rate schedules that
18 allows the electric utility to recover expenses and related
19 taxes for non-energy costs of power purchased under a power
20 purchase agreement.



1 "Reserve fees" means the surcharges described in section
2 269-E(a).

3 "Revenue" means moneys from power purchase charges and
4 reserve fees net of any applicable taxes or government fees,
5 including but not limited to the franchise tax, public service
6 company tax, and public utility commission fee.

7 "Step-in agreement" means a contract by which the
8 department undertakes the obligation of payment for power
9 purchase costs owed to an obligee as and when due by an electric
10 utility under a power purchase agreement following a default, as
11 described in section 269-B(a); provided that the department's
12 payment obligation under such step-in agreement is limited to
13 the moneys from power purchase charges and reserve fees
14 collected in connection with the covered power purchase
15 agreements and on deposit in the fund.

16 "User, owner, or operator of the Hawaii electric system"
17 has the same meaning as in section 269-141.

18 **§269-B Step-in agreements.** (a) The department shall
19 enter into a step-in agreement with an obligee after receipt of
20 satisfactory results, as determined by the department, from a
21 due diligence investigation by the department of an obligee and



1 the step-in agreement. Such step-in agreement shall require the
2 department to make payments for power purchase costs owed by an
3 electric utility to the obligee in the event of a default.
4 Pursuant to such step-in agreement and upon the default, the
5 department shall make payments to the obligee for power purchase
6 costs with moneys on deposit in the fund as and when due by the
7 electric utility under the covered power purchase agreement;
8 provided that any such step-in agreement shall provide that the
9 department's payment obligation thereunder shall be limited to
10 the moneys from power purchase charges and reserve fees
11 collected in connection with covered power purchase agreements
12 that are on deposit in the fund. Each step-in agreement shall
13 include a clause stating that neither the full faith and credit
14 of the State nor any other moneys of the State will be pledged
15 for any obligations pursuant to the terms of the step-in
16 agreement and that in any action concerning a failure by the
17 department to comply with the terms of the step-in agreement,
18 the sole and exclusive remedy available to an obligee and the
19 electric utility against the department shall be an order
20 directing specific performance of the step-in agreement, and
21 under no circumstances shall the department be liable for any



1 costs, expenses, or other monetary relief or compensatory
2 damages. An obligee of a covered power purchase agreement shall
3 have no claim or lien on any moneys of the State. An obligee of
4 a covered power purchase agreement shall only have a claim or
5 lien on moneys attributable to covered power purchase agreements
6 that are transferred by the electric utility and on deposit in
7 the fund. An obligee shall remain entitled to all payments for
8 power purchase costs owed under the covered power purchase
9 agreement, whether or not the moneys from power purchase charges
10 attributable to the covered power purchase agreement are timely
11 collected. Notwithstanding anything to the contrary in this
12 part, a step-in agreement shall also obligate the department to
13 pay claims of the obligee from moneys on deposit in the fund
14 arising out of the termination of a power purchase agreement by
15 the electric utility under bankruptcy law.

16 (b) The department shall enter into a step-in agreement
17 only if the power purchase agreement subject to the step-in
18 agreement arises from the Stage 3 request for proposals under
19 docket number 2017-0352 before the public utilities commission
20 or the first Integrated Grid Planning request for proposals
21 issued under docket number 2024-0258 before the public utilities



1 commission. The department shall enter into a step-in agreement
2 related to a power purchase agreement when the power purchase
3 agreement is executed or, if the power purchase agreement has
4 already been executed as of July 1, 2025, as soon as reasonably
5 possible.

6 (c) The payment obligation of the department under a step-
7 in agreement shall commence not later than two days after the
8 date of a notice given by the department to the electric utility
9 pursuant to section 269-C(a).

10 (d) The step-in agreement shall terminate when the credit
11 rating of the electric utility or its successor achieves
12 investment grade status or by express agreement of the obligee,
13 department, and electric utility. Following the termination of
14 a step-in agreement, the department shall have no obligation to
15 the electric utility or the obligee upon a default by the
16 electric utility.

17 (e) Following a default of a covered power purchase
18 agreement and any payment by the department from moneys in the
19 fund, the electric utility, through agreement with all obligees
20 of its covered power purchase agreements, may elect to resume
21 payments for power purchase costs owed by the electric utility,



1 regardless of the credit rating of the electric utility at that
2 time, in which case the electric utility shall cease to transfer
3 revenues representing moneys from power purchase charges
4 collected in connection with the covered power purchase
5 agreement to the fund as described in section 269-C(a), and may
6 use the revenues from power purchase charges through the vesting
7 of title in the electric utility as described in subsection (h);
8 provided that the payments shall not terminate the step-in
9 agreement, which shall remain in effect until terminated
10 pursuant to subsection (d), and the department shall remain
11 obligated to pay the obligee upon a subsequent default by the
12 electric utility solely from moneys on deposit in the fund;
13 provided that no election by the electric utility is permitted
14 if the department has made payment for power purchase costs with
15 moneys from the reserve fees.

16 (f) The department may impose other conditions, and may
17 include other terms, in a step-in agreement that it deems
18 necessary to implement the requirements of this part; provided
19 that the conditions and terms shall not adversely affect the
20 obligation of the department to make payments, but only to the
21 extent there are moneys in the fund, for power purchase costs



1 owed by an electric utility to the obligee as and when due in
2 the event of a default as required by section 269-B(a) or
3 otherwise be inconsistent with the covered power purchase
4 agreement.

5 (g) As consideration for the department entering into a
6 step-in agreement, the electric utility or its successor shall
7 enter into an agreement to assign and transfer title to the
8 revenues from power purchase charges and reserve fees
9 attributable to the covered power purchase agreement to the
10 department to be held in trust for the benefit of the obligees
11 under the covered power purchase agreements to the extent of the
12 amounts owed to such obligees. The assignment and transfer of
13 title to the revenues by the electric utility shall be made and
14 remain for the term of the step-in agreement free of any prior
15 lien, pledge, security interest, or encumbrance of any kind, and
16 shall be exempt from section 269-19. The revenues shall not be
17 subject to appropriation for any other purpose. The revenues
18 shall be exempt from the requirements of chapters 36 and 38.
19 The electric utility or its successor shall be and remain at all
20 times, even upon the occurrence and during the continuance of a
21 default by the electric utility or its successor, obligated to



1 bill and collect the power purchase charges and reserve fees as
2 an agent for the department to effectuate the purposes of this
3 part.

4 (h) Prior to default or an entry of an order of relief
5 with respect to the electric utility pursuant to title 11 of the
6 United States Code, if any payment obligation of the electric
7 utility under a covered power purchase agreement for power
8 purchase costs becomes owed and due, any title held by the
9 department in trust to the revenues related to moneys from power
10 purchase charges for the payment obligation owed and due shall
11 divest from the department and vest in the electric utility or
12 its successor at the time the payment by the electric utility or
13 its successor is made to the obligee. Any vesting of moneys
14 from power purchase charges to the electric utility at the time
15 of payment may be made without appropriation by the legislature
16 or allotment. The department shall not otherwise assign, sell,
17 or transfer any title to, or any claim or right to, the revenues
18 from power purchase charges or reserve fees.

19 (i) To meet the requirements of the State and the public
20 utilities commission as they pertain to electric reliability,
21 energy security, and energy diversification under this chapter



1 and any rules adopted pursuant thereto, the electric utility
2 shall ensure that it maintains sufficient availability of
3 electric energy and related products, to the extent provided by
4 an obligee in accordance with a covered power purchase
5 agreement. The public utilities commission shall exercise its
6 regulatory powers to ensure that the electric utility complies
7 with its obligations under the covered power purchase agreement.

8 (j) Notwithstanding any other law to the contrary, the
9 electric utility shall file with the public utilities
10 commission, and the public utilities commission shall allow to
11 become effective, monthly rate adjustments provided under the
12 energy cost recovery clause and purchased power adjustment
13 clause to establish or adjust power purchase charges in a manner
14 designed to:

- 15 (1) Generate sufficient moneys from power purchase charges
16 to timely and fully pay amounts when owed and due
17 under covered power purchase agreements;
- 18 (2) Ensure that in no event shall moneys from power
19 purchase charges fall below the amounts owed and due
20 under covered power purchase agreements by a sum that



1 exceeds the amounts in the reserve account established
2 under section 269-E; and

3 (3) Recover any applicable taxes and government fees and
4 any incremental administrative costs of the electric
5 utility or the department incurred to implement the
6 requirements of this part.

7 To achieve the objectives established pursuant to this
8 subsection, unless the public utilities commission otherwise
9 directs, the electric utility may retain revenues collected from
10 power purchase charges in excess of amounts owed and due under
11 the covered power purchase agreements. Any moneys in the
12 account established under the fund related to reserve fees will
13 remain with the department. The obligations of the electric
14 utility and of the public utilities commission under this
15 section shall survive any default by the electric utility and
16 shall terminate only upon the termination of the step-in
17 agreement as provided in subsection (d).

18 **§269-C Default of electric utility; successor**

19 **requirements.** (a) After the obligee provides notice to the
20 department of a default of a covered power purchase agreement,
21 the department shall promptly provide the electric utility with



1 a copy of such notice of default. One day after the electric
2 utility receives the notice, the electric utility shall transfer
3 all revenues from the power purchase charges arising from any
4 covered power purchase agreements identified in the notice and
5 reserve fees, regardless of when collected, then in its
6 possession, and, subject to section 269-B(e), all future
7 revenues from the power purchase charges and reserve fees
8 thereafter collected to the fund established pursuant to section
9 269-D(a). These amounts shall include all revenues received by
10 the electric utility after a default for such power purchase
11 charges and reserve fees billed before the default. The
12 department shall use the revenues collected from the power
13 purchase charges and reserve fees on deposit in the fund, only
14 in the order as follows:

15 (1) To pay power purchase costs pursuant to step-in
16 agreements, subject to the appointment, authorization,
17 and empowerment of the electric utility as an agent as
18 described in section 269-F(e), and for revenues in
19 excess of amounts owed under covered power purchase
20 agreements;



1 (2) To recover any incremental administrative costs of the
2 electric utility or the department incurred to
3 implement the requirements of this part; and

4 (3) To implement a rate credit to customers.

5 (b) Any step-in agreement shall remain in effect
6 notwithstanding any bankruptcy, reorganization, or other
7 insolvency proceedings with respect to the electric utility.

8 (c) The obligation of the electric utility to collect and
9 remit the revenues from power purchase charges and reserve fees
10 pursuant to the requirements of this part shall not be subject
11 to any setoff, counterclaim, surcharge, or defense by the
12 electric utility, or in connection with a bankruptcy of any
13 electric utility.

14 (d) Any successor to an electric utility shall be bound by
15 the requirements of this part. The successor shall perform and
16 satisfy all obligations of the electric utility in the same
17 manner and to the same extent as the electric utility, including
18 the obligation upon default to bill and collect the power
19 purchase charges and reserve fees and remit to the fund the
20 revenues collected in connection with any covered power purchase



1 agreement, unless and until the step-in agreement is terminated
2 as described in section 269-B(d).

3 (e) If the step-in agreement is terminated as described in
4 section 269-B(d), then by operation of law, any title to the
5 revenues related to power purchase charges attributable to the
6 covered power purchase agreement shall immediately cease to be
7 held in trust and the electric utility or its successor shall
8 thereafter be the sole holder of title or beneficial and
9 equitable interest in, and any claim or right to, the revenues
10 related to power purchase charges, and the obligation of the
11 electric utility or its successor to bill and collect the power
12 purchase charges and reserve fees as an agent for the
13 department, and, if applicable, to remit the collected revenues
14 to the fund, shall terminate.

15 **§269-D Power purchase costs trust fund.** (a) There is
16 established outside the state treasury the power purchase costs
17 trust fund to be administered by the department. The department
18 shall establish and maintain two separate accounts within the
19 fund, the first account to be utilized for the deposit of all
20 power purchase charges transferred by the electric utility and
21 the second account to be utilized for the deposit of reserve



1 fees transferred by the electric utility. The electric utility
2 shall transfer to the department for deposit into the applicable
3 account in the fund all revenues collected in connection with
4 covered power purchase agreements from:

5 (1) Power purchase charges in the event of a default of
6 covered power purchase agreements; and

7 (2) Reserve fees.

8 (b) Moneys in the fund shall be held by the department in
9 trust for the term of the step-in agreement for the benefit of
10 obligees of covered power purchase agreements to the extent of
11 the amounts owed to such obligees. The department's payments
12 from the fund shall be made without appropriation or allotment,
13 as provided in section 37-40.

14 (c) If a step-in agreement is terminated as described in
15 section 269-B(d), the fund shall cease to receive any moneys
16 from the power purchase charges collected by the electric
17 utility or its successor and the department shall pay to the
18 electric utility or its successor the remainder of any moneys in
19 the fund attributable to power purchase charges. Those moneys
20 from power purchase charges shall be considered moneys of the
21 electric utility or its successor.



(d) The department shall be under no obligation to make payment to any obligee in excess of the moneys in the fund. Any default or failure by the department to make payments pursuant to the terms of a step-in agreement under this part shall not result in any recourse by the electric utility or obligee to any funds of the State. The only moneys an obligee shall have the benefit of are moneys derived from power purchase charges and the reserve fees collected and on deposit in the fund. In any action concerning a breach by the department of a step-in agreement, the sole and exclusive remedy available to an obligee and the electric utility against the department shall be an order directing specific performance of the step-in agreement, and under no circumstances shall the department be liable for any costs, expenses, or other monetary relief or compensatory damages.

§269-E Reserve account; establishment. (a) By August 1, 2025, the public utilities commission shall create a utility-wide nonbypassable surcharge, referred to as reserve fees, which shall be deposited into an account within the fund and be pledged to secure and be applied to the repayment of payment obligations under a covered power purchase agreement to the



1 extent that there is a shortfall in the amount of power purchase
2 charges on deposit in the fund. Reserve fees shall be collected
3 by the electric utility or its successors, as collection agents
4 for the department, in full through a surcharge that is separate
5 and apart from the electric utility's rates. The department
6 shall establish and maintain a separate account within the fund
7 to accept and account for revenues from reserve fees, and the
8 electric utility shall, within one day of receipt, transfer all
9 revenues collected from the surcharge related to the reserve
10 fees into this separate account. The electric utility shall not
11 otherwise assign, sell, or transfer any title to, or any claim
12 or right to, the revenues from reserve fees, except as provided
13 under this part. The electric utility shall not access the
14 reserve account or utilize the revenues deposited therein,
15 except as directed by the department pursuant to section 269-
16 F(e). The public utilities commission may require, in the
17 financing order creating the surcharge, that, if a default by
18 the electric utility in remittance of the reserve fees collected
19 occurs, the public utilities commission, upon the application by
20 the department, and without limiting any other remedies
21 available to the department by reason of the default, shall



1 order the sequestration and payment to the department of the
2 reserve fees. Any order shall remain in full force and effect
3 notwithstanding any bankruptcy, reorganization, or other
4 insolvency proceedings with respect to the electric utility.

5 (b) Reserve fees shall be collected and maintained to
6 establish a reserve account in an amount not to exceed the total
7 of fifteen per cent of the forecasted monthly power purchase
8 costs of all covered power purchase agreements plus an amount
9 sufficient to recover costs related to administration of the
10 reserve account and any applicable taxes and fees.

11 (c) If the step-in agreement terminates pursuant to
12 section 269-B(d), reserve fees collected in connection with the
13 covered power purchase agreement shall cease to be collected,
14 and all moneys remaining in the fund attributable to the reserve
15 fees shall be returned in full, together with any associated
16 interest earned, to customers through a rate credit.

17 **§269-F Electric utility; agent of the department.** (a) To
18 implement the requirements of this part, the department may
19 contract with an electric utility or its successor to act as an
20 agent of the department to provide billing, collection, payment,
21 and other related services. In any action concerning a breach



1 by the department of the agency agreement, the sole remedy
2 available to an electric utility against the department shall be
3 an order directing specific performance of the agency agreement.
4 Under no circumstances shall the department be liable for any
5 costs, expenses, or other monetary relief or compensatory
6 damages in connection with a breach of any agency agreement.

7 (b) At the request of the department, the public utilities
8 commission shall order an electric utility or its successor to
9 perform the duties pursuant to a contract under subsection (a).

10 (c) The act of serving as an agent to bill and to collect
11 the power purchase charges and reserve fees shall not cause any
12 electric utility to be subject to the laws that regulate
13 financial institutions, escrow depositories, or collection
14 agencies. An electric utility shall not be responsible for
15 lending, underwriting, and credit determinations in respect to
16 these billing and collection activities.

17 (d) To the extent any revenues are received by an electric
18 utility pursuant to subsection (a) in the process of collection
19 and pending their transfer to the fund pursuant to section 269-
20 D(a), those moneys shall be held in trust for the department's
21 exercise of its obligations pursuant to this part.



1 (e) To implement the requirements of this part, the
2 director of finance may appoint, authorize, and empower the
3 electric utility, as agent for and on behalf of the department,
4 to collect and pay out moneys, including from the fund, for
5 fulfillment of payment obligations of the department arising
6 from step-in agreements related to covered power purchase
7 agreements. The appointment shall terminate when the step-in
8 agreement is terminated as described in section 269-B(d)."

9 SECTION 3. If any provision of this Act, or the
10 application thereof to any person or circumstance, is held
11 invalid, the invalidity does not affect other provisions or
12 applications of the Act that can be given effect without the
13 invalid provision or application, and to this end the provisions
14 of this Act are severable.

15 SECTION 4. In codifying the new sections added by section
16 2 of this Act, the revisor of statutes shall substitute
17 appropriate section numbers for the letters used in designating
18 the new sections in this Act.

19 SECTION 5. This Act shall take effect on July 1, 3000.



Report Title:

BNF; Public Utilities Commission; Energy; Step-In Agreements;
Power Purchase Agreements; Power Purchase Costs Trust Fund

Description:

Requires the Department of Budget and Finance to enter into step-in agreements for payment obligations arising under certain power purchase agreements. Establishes the Power Purchase Costs Trust Fund. Establishes that money from on-bill charges for power purchase agreements and money from a surcharge supporting a reserve account shall be held in trust by the State, and that independent power producers shall hold a beneficial interest in the revenues to the extent of the amounts owed under the covered power purchase agreements. Appoints, authorizes, and empowers the electric utility to serve as the billing, collection, and payment agent of the Department of Budget and Finance in the service of performing step-in agreements. Effective 7/1/3000.
(HD1)

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