

Honolulu, Hawaii

APR 25 2025

RE: S.B. No. 1501
S.D. 2
H.D. 1
C.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 1501, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose and intent of this measure is to require the Department of Budget and Finance to enter into step-in agreements to guarantee payments from electric utilities under certain power purchase agreements.

Your Committee on Conference finds that since the Maui wildfires, the credit rating of a certain investor-owned electric utility and its subsidiaries has fallen below investment grade. This low grade increases the risk that independent power producers will not be paid, which, in turn, increases the financing costs incurred by independent power producers to fund new projects. Your Committee on Conference further finds that the step-in agreements

SB1501 CD1 CCR LRB 25-1834.docx



required by this measure will help to ensure that independent power producers will be paid if an electric utility defaults, thus lowering financing risk and costs, decreasing the price to develop new energy projects, and ultimately helping to reduce energy costs for Hawaii ratepayers.

Your Committee on Conference has amended this measure by:

- (1) Defining the terms "Hawaii electric system," "independent power producer," and "reserve account";
- (2) Specifying that "obligee" shall not include users, owners, or operators that claimed a tax credit for a project system under section 235-12.5, Hawaii Revised Statutes;
- (3) Requiring the Department of Budget and Finance to execute a step-in agreement within ninety days of notice of the filing of an application for approval of a power purchase agreement;
- (4) Authorizing the Department of Budget and Finance to rely on an invoice of an obligee for determining amounts owed to the obligee following a default by an electric utility;
- (5) Specifying that reserve fees may be included in the purchased power adjustment clause on customer bills;
- (6) Exempting from the Hawaii Public Procurement Code the Department of Budget and Finance's designation of the electric utility to collect the power purchase charges and reserve fees;
- (7) Making the measure effective upon approval; and
- (8) Making technical nonsubstantive amendments for purposes of clarity, consistency, and style.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1501, S.D. 2, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1501, S.D. 2, H.D. 1, C.D. 1.



Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

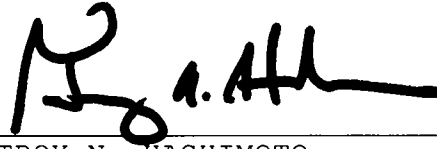


NICOLE E. LOWEN
Co-Chair



KYLE T. YAMASHITA
Co-Chair

ON THE PART OF THE SENATE



TROY N. HASHIMOTO
Chair



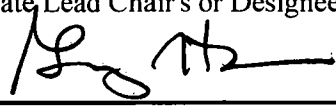
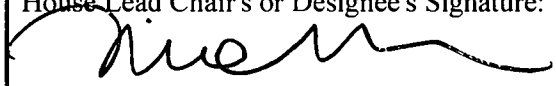
JARRETT KEOHOKALOLE
Co-Chair



Hawai'i State Legislature

Record of Votes of a
Conference Committee

CCR-201

Bill / Concurrent Resolution No.: SB 1501, SD 2, HD 1					Date/Time: 4/25/25 6:05:50 PM					
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).										
<input type="checkbox"/> The Committee is reconsidering its previous decision.										
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.					
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E	
HASHIMOTO, Troy N., Chr.	✓				LOWEN, Nicole E., Co-Chr.	✓				
KEOHOKALOLE, Jarrett, Co-Chr.	✓				YAMASHITA, Kyle T., Co-Chr.	✓				
FEVELLA, Kurt	✓				KUSCH, Matthias	✓				
					PERRUSO, Amy A.	✓				
					ALCOS III, David				✓	
TOTAL	3	0	0	0	TOTAL	4	0	0	1	
A = Aye		WR = Aye with Reservations			N = Nay		E = Excused			
Senate Recommendation is:					House Recommendation is:					
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					
Senate Lead Chair's or Designee's Signature:					House Lead Chair's or Designee's Signature:					
										
Distribution:		Original			Yellow		Pink		Goldenrod	
		File with Conference Committee Report			House Clerk's Office		Senate Clerk's Office		Drafting Agency	