

STAND. COM. REP. NO.

1050

Honolulu, Hawaii

FEB 28 2025

RE: S.B. No. 1501
S.D. 2

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

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 1501, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize 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 received written comments in support of this measure from the Public Utilities Commission, Ulupono Initiative, Longroad Energy, Plus Power, Hawaii Executive Collaborative, Climate Hawaii, Ameresco, Clearway Energy Group, Hawaiian Electric, Nexamp, and AES Hawaii.

Your Committee received written comments on this measure from the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy; Department of Budget and Finance; and Department of the Attorney General.

Your Committee finds that the uncertainty of Hawaiian Electric Company's financial situation has increased the perceived risk of default regarding the company's obligations to pay independent power producers. Your Committee believes that the step-in agreements authorized by this measure will help to reduce



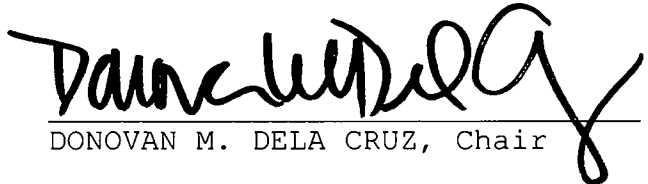
the risks associated with financing independent power producers in the State and help the State continue to make progress toward meeting its clean energy goals.

Your Committee has amended this measure by:

- (1) Removing various references to July 1, 2025, to ensure that the step-in agreements apply to all future power purchase agreements;
- (2) Authorizing the Department of Budget and Finance to conduct due diligence on a prospective obligee before entering into a step-in agreement;
- (3) Establishing the Power Purchase Costs Trust Fund outside of the state treasury;
- (4) Amending the definition of "obligee" to require that the obligee not claim a tax credit for a project system under section 235-12.5, Hawaii Revised Statutes; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

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

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,


DONOVAN M. DELA CRUZ, Chair



The Senate
Thirty-Third Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">SB 1501, SD 1</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">BIG/CPN, WAM</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">2/27/25</div>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"> <div style="text-align: center;"> <input type="checkbox"/> Pass, unamended 2312 </div> <div style="text-align: center;"> <input checked="" type="checkbox"/> Pass, with amendments 2311 </div> <div style="text-align: center;"> <input type="checkbox"/> Hold 2310 </div> <div style="text-align: center;"> <input type="checkbox"/> Recommit 2313 </div> </div>				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
MORIWAKI, Sharon Y. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
ELEFANTE, Brandon J.C.	X			
HASHIMOTO, Troy N.	X			
INOUE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	13	0	0	0
Recommendation: <div style="display: flex; justify-content: space-around; margin-top: 5px;"> <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted </div>				
Chair's or Designee's Signature: <div style="font-size: 1.5em; font-family: cursive; margin-top: 10px;"> </div>				
Distribution: <div style="display: flex; justify-content: space-between; font-size: 0.8em; margin-top: 5px;"> Original File with Committee Report Yellow Clerk's Office Pink Drafting Agency Goldenrod Committee File Copy </div>				

*Only one measure per Record of Votes