

Honolulu, Hawaii

APR 02 2008

RE: H.B. No. 2550
H.D. 2
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Commerce, Consumer Protection, and Affordable Housing, to which was referred H.B. No. 2550, H.D. 2, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to encourage customers to invest in renewable energy systems through net-energy metering programs by requiring the Public Utilities Commission to reserve a percentage of an electric utility's total rated generating capacity produced by eligible net-energy metering customer-generators for residential and small commercial customers.

Specifically, this measure requires the Public Utilities Commission to:

- (1) Ensure that a percentage of the total rated generating capacity produced by eligible customer-generators be reserved for electricity produced by eligible residential or small commercial customer-generators;
- (2) Define the maximum capacity for eligible residential or small commercial customer-generators; and
- (3) Evaluate the applicability of generating capacity requirements on an island-by-island basis.



Testimony in support of this measure was submitted by the Public Utilities Commission (PUC); the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs; the Hawaiian Electric Company; Maui Electric Company; Hawaii Electric Light Company; the Kauai Island Utility Cooperative; the Hawaii Solar Energy Association; SunEdison Hawaii; the Hawaii PV Coalition; the Solar Alliance; the Zero Emissions Leasing LLC; the Sierra Club, Hawai'i Chapter; the Hawaii Renewable Energy Alliance; and two private individuals. The Department of Business, Economic Development, and Tourism submitted comments.

Your Committee finds that Hawaii has an abundance of renewable energy resources that can and should be used to reduce the State's dependence on imported fossil fuels. Net-energy metering programs encourages customers to invest in renewable energy systems by allowing customers who own and operate certain renewable facilities to be paid the utility's retail rate for electricity generated by an eligible customer-generator and fed back to the electric grid. Although it is important that the State decrease its dependence on imported fossil fuels by using renewable energy technologies, your Committee believes that further study is necessary to prevent detrimental customer subsidization and system safety impacts before goals are mandated.

Accordingly, your Committee has amended this measure by:

- (1) Requiring the PUC to submit a written report to the Legislature prior to the 2009 Regular Session that includes:
 - (A) Any rules, decisions, or orders submitted by the PUC regarding the total rated generating capacity produced by eligible customer-generators;
 - (B) Any rules, decisions, or orders submitted by the PUC regarding the maximum capacity for eligible residential or small commercial customer-generators; and
 - (C) Any results regarding the PUC's evaluation of the applicability of the generating capacity requirements on an island-by-island basis, and any decisions to exempt an island or a utility grid system from the generating capacity requirements; and



- (2) Making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Affordable Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2550, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2550, H.D. 2, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Affordable
Housing,




RUSSELL S. KOKUBUN, Chair



The Senate
Twenty-Fourth Legislature
State of Hawaii

Record of Votes
Committee on Commerce, Consumer Protection and Affordable Housing
CPH

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 2550 HD2 SD1	ENE, CPH	3-28-08		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KOKUBUN, Russell S. (C)	✓			
IGE, David Y. (VC)	✓			
ESPERO, Will	✓			
IHARA, Jr., Les				✓
SAKAMOTO, Norman				✓
TANIGUCHI, BRIAN T.				✓
TRIMBLE, Gordon		✓		
TOTAL	3	1		3
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes