

Honolulu, Hawaii

MAR 24 2011

RE: H.B. No. 1520  
H.D. 2  
S.D. 1

Honorable Shan S. Tsutsui  
President of the Senate  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committee on Energy and Environment, to which was referred H.B. No. 1520, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY,"

begs leave to report as follows:

The purpose and intent of this measure is to support the State's overall clean energy objectives by:

- (1) Exempting owners and operators of renewable energy generating facilities located on property owned by another person from regulation as a public utility when electricity generated by those facilities is supplied to that property owner or an electric utility; and
- (2) Requiring the Public Utilities Commission (PUC) to monitor the impact of net energy metering on existing electric utility ratepayers.

Prior to the public hearing on this measure, your Committee posted a proposed S.D. 1, which deleted the contents of this measure and replaced them with provisions directing the PUC to create and implement an on-bill financing program for residential electric utility consumers to finance purchases of energy-efficient or renewable energy devices and systems through their electric utility bills.



Your Committee received testimony in support of the proposed S.D. 1 from Jeffrey T. Ono, Division of Consumer Advocacy, Department of Commerce and Consumer Affairs; Jeff Mikulina, Blue Planet Foundation; Christy Imata, Hawaii Solar Energy Association; Robert Harris, Sierra Club, Hawai'i Chapter; Douglas Codiga; and Anthony Aalto. Your Committee received testimony in opposition to the proposed S.D. 1 from Hermina Morita, Public Utilities Commission; and Ray Starling, Hawaii Public Benefits Fee Administrator. Your Committee received comments on the proposed S.D. 1 from Richard Lim, Department of Business, Economic Development, and Tourism; Myoung Oh, Hawaii Association of REALTORS; Warren Bollmeier, Hawaii Renewable Energy Alliance; and Alan Hee, Hawaii Electric Company, Inc.

Your Committee finds that up-front costs are a barrier preventing many Hawaii residents from installing renewable energy systems or replacing energy-inefficient home appliances with energy-saving alternatives. Existing tax credit and rebate programs have not been enough of an incentive to offset up-front costs.

Your Committee further finds that allowing public utilities customers to finance purchases of energy-saving appliances and renewable energy technology through on-bill financing backed by the public benefits fee may be a solution to the problem of high up-front costs. Your Committee recognizes, however, that on-bill financing can be expensive to administer and can cause a number of difficulties when tenants move or when property is sold.

Your Committee has amended this measure by deleting its contents and replacing them with the contents of the proposed S.D.

1. Your Committee has further amended this measure by:


- (1) Inserting a provision requiring that tenants may participate only with the written consent of the owner of the tenant's dwelling unit;
- (2) Deleting the inclusion of the purchase of ENERGY STAR refrigerators as an eligible purchase under the on-bill financing program;
- (3) Specifying that the PUC, rather than the Public Benefits Fee Administrator, shall determine what percentage of collected public benefits fees shall be expended on the on-bill financing program;



- (4) Requiring the PUC to ensure that certain reasonable costs incurred by electric utilities are recovered; and
- (5) Amending the purpose section accordingly.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1520, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1520, H.D. 2, S.D. 1, and be referred to the Committee on Commerce and Consumer Protection.

Respectfully submitted on  
behalf of the members of the  
Committee on Energy and  
Environment,

  
MIKE GABBARD, Chair



The Senate  
 Twenty-Sixth Legislature  
 State of Hawai'i

**Record of Votes**  
**Committee on Energy and Environment**  
**ENE**

Bill / Resolution No.:* <b>HB 1520, HD 2</b>	Committee Referral: <b>ENE, CPN</b>	Date: <b>3/22/11</b>		
<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
GABBARD, Mike (C)	✓			
ENGLISH, J. Kalani (VC)				✓
GREEN, M.D., Josh	✓			
IHARA, Jr., Les	✓			
SLOM, Sam				✓
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>0</b>	<b>2</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
<b>Distribution:</b> Original             Yellow             Pink             Goldenrod File with Committee Report             Clerk's Office             Drafting Agency             Committee File Copy				

\*Only one measure per Record of Votes