
A BILL FOR AN ACT

RELATING TO ENERGY.

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

1 SECTION 1. The purpose of this Act is to promote and
2 facilitate the replacement of fossil fuel generated electricity
3 and implementation of smart-grid management.

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

7 "§269- Power purchase agreements; grid reliability
8 management rate surcharge; rates of return. (a) The public
9 utilities commission may establish a grid reliability management
10 rate surcharge to enable an electric utility company to recover
11 operational costs incurred under a new or renegotiated power
12 purchase agreement with a renewable energy producer for the
13 purchase of new renewable energy; provided that any power
14 purchase agreement between an electric utility company and a
15 renewable energy producer shall not contain:

16 (1) Provisions for rates based on avoided costs; and

17 (2) Provisions allowing excessive curtailment of renewable
18 energy produced except under an emergency.



1 (b) The public utilities commission may provide a higher
2 rate of return to an electric utility company for capital
3 investments for transmission, distribution, and grid reliability
4 upgrades installed to support the connection to and integration
5 of new renewable energy based power generation facilities.

6 (c) As used in this section:

7 "Electric utility company" means the same as defined in
8 section 269-91.

9 "Excessive curtailment" means the selection of oil-based
10 fossil fuel generated power instead of renewable energy power
11 where the selection is not based on grid reliability.

12 "Renewable energy" means the same as defined in section
13 269-91."

14 SECTION 3. Upon the effective date of this Act, the public
15 utilities commission shall request all electric utility
16 companies that sell electricity for consumption in the State and
17 are not described under section 501(c)(12) of the Internal
18 Revenue Code of 1986, as amended, to request the renegotiation
19 of power purchase agreements with renewable energy power
20 producers such that the renegotiated power purchase agreements
21 reduce excessive curtailment and do not contain rates based on
22 avoided costs, as required under this Act; provided that the



1 electric utility companies shall request renegotiation no later
2 than September 1, 2012.

3 SECTION 4. New statutory material is underscored.

4 SECTION 5. This Act shall take effect on July 1, 2030.



Report Title:

PUC; Smart-grid Management; Power Purchase Agreement

Description:

Authorizes the Public Utilities Commission (PUC) to establish a grid reliability rate surcharge to electric utility companies to encourage the negotiation of new or existing power purchase agreements with renewable energy producers that do not contain an avoided cost rate and generally eliminate curtailment. Authorizes PUC to provide a higher rate of return to an electric utility company for capital investments made to support the integration of new renewable energy based power generation facilities. Effective July 1, 2030. (SB1197 HD2)

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