

STAND. COM. REP. NO.

1160

Honolulu, Hawaii

APR 0 1 2013

RE: S.C.R. No. 37
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committees on Energy and Environment and Commerce and Consumer Protection, to which was referred S.C.R. No. 37 entitled:

"SENATE CONCURRENT RESOLUTION REQUESTING THE PUBLIC UTILITIES COMMISSION TO ESTABLISH A STRANDED COST RECOVERY MECHANISM TO ENCOURAGE THE ACCELERATED RETIREMENT OF ELECTRIC UTILITY FOSSIL FUEL ELECTRIC GENERATION PLANTS,"

beg leave to report as follows:

The purpose and intent of this measure is to request the Public Utilities Commission to establish a stranded cost recovery mechanism to encourage the accelerated retirement of electric utility fossil fuel electric generation plants.

Your Committees received testimony in support of this measure from Sierra Club Hawaii. Your Committees received comments on this measure from the Public Utilities Commission and the Department of Commerce and Consumer Affairs.

Your Committees find that the overall efficiency of a modern fossil fuel electric generation plant is about forty percent, meaning that sixty percent of the energy input to the system is wasted. These efficiencies, however, may be as low as thirty percent in some older plants. Your Committees further find that electric utilities may have financial difficulties in retiring these fossil fuel plants due to the fact that shutting down the plant without a plan for cost recovery of investments in that plant means that those costs usually cannot be made up. Utilities need a means of recovering stranded costs due to early retirement



of power plants for the purpose of switching power source from fossil to renewable fuels. In light of this, your Committees would like more information on the factors, including stranded cost recovery, that play into the electric utilities' decision not to retire any of their oil-fired generation plants and the relative importance of those factors.

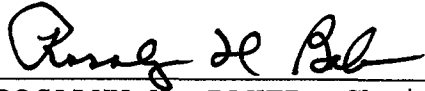
Your Committees have amended this measure by:

- (1) Deleting the language requesting the Public Utilities Commission to establish a stranded cost recovery mechanism;
- (2) Inserting language to request the Public Utilities Commission to take into consideration:
 - (A) Whether stranded costs are a significant factor in the electric utilities' failure to retire old, oil-fired generation plants; and
 - (B) Any appropriate measures that would encourage the electric utilities to retire old, oil-fired generation plants and the potential impact this would have on ratepayers; and
- (3) Changing the title of the measure accordingly; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

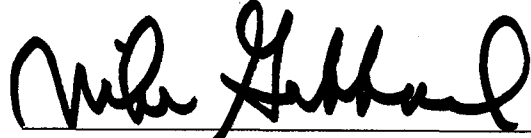
As affirmed by the records of votes of the members of your Committees on Energy and Environment and Commerce and Consumer Protection that are attached to this report, your Committees concur with the intent and purpose of S.C.R. No. 37, as amended herein, and recommend that it be referred to the Committee on Ways and Means, in the form attached hereto as S.C.R. No. 37, S.D. 1.



Respectfully submitted on
behalf of the members of the
Committees on Energy and
Environment and Commerce and
Consumer Protection,



ROSALYN H. BAKER, Chair

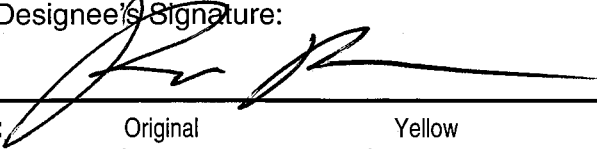


MIKE GABBARD, Chair



The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:* SCR 37	Committee Referral: ENE/CPN, WAM	Date: 3/14/13		
<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)	X			
RUDERMAN, Russell E. (VC)	X			
CHUN OAKLAND, Suzanne				X
IHARA, Jr., Les				X
SLOM, Sam	X			
TOTAL	3			2
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

The Senate
 Twenty-Seventh Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

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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
BAKER, Rosalyn H. (C)	✓			
GALUTERIA, Brickwood (VC)	✓			
NISHIHARA, Clarence K.				✓
SOLOMON, Malama	✓			
TANIGUCHI, Brian T.				✓
WAKAI, Glenn	✓			
SLOM, Sam	✓			
TOTAL	5			2
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				

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