STAND. COM. REP. NO. **3288** 

Honolulu, Hawaii

### APR 0 3 2014

RE: H

H.B. No. 1943

H.D. 2 S.D. 2

Honorable Donna Mercado Kim President of the Senate Twenty-Seventh State Legislature Regular Session of 2014 State of Hawaii

#### Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 1943, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE MODERNIZATION OF THE HAWAII ELECTRIC SYSTEM,"

begs leave to report as follows:

The purpose and intent of this measure is to eliminate technical and economic barriers that prevent customer-generators from interconnecting to the Hawaii electric grid in a timely manner.

#### Specifically, this measure:

- (1) Amends the Public Utilities Commission principles regarding the modernization of the electric grid;
- (2) Requires the Public Utilities Commission to initiate regulatory actions no later than July 1, 2014, to address upgrades to the Hawaii electric system for anticipated growth of customer generation; and
- (3) Appropriates funds to the Public Utilities Commission and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs for the costs of the regulatory actions initiated by the Commission.

Your Committee received written comments in support of this measure from the Department of Business, Economic Development, and Tourism, the Public Utilities Commission - Department of Budget and Finance, Renewable Energy Action Coalition of Hawaii, Hawaii Solar Energy Association, Inter-Island Solar Supply, Sierra Club of Hawaii, Blue Planet Foundation, and one individual. Written comments in opposition were received from Hawaiian Electric Company, Inc. and one individual. The Hawaii Renewable Energy Alliance submitted written comments on the measure.

Your Committee finds that it is in the public interest to increase customer generation of electricity in Hawaii, which will decrease the State's dependency on imported oil, promote the development of clean energy sources, create jobs, foster economic development, and help address the State's future energy needs.

Your Committee further finds that removing technical and economic barriers that prevent customer-generators from interconnecting to the Hawaii electric system will prevent a loss of jobs in the solar energy industry and help the State meet its clean energy goals.

Your Committee has amended this measure by:

- (1) Changing the appropriation amounts to unspecified sums;
- (2) Clarifying that the appropriation to the Department of Commerce and Consumer Affairs shall be expended by the Division of Consumer Advocacy;
- (3) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (4) Making technical nonsubstantive amendments for the purposes of clarity, consistency, and style.

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 H.B. No. 1943, 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. 1943, H.D. 2, S.D. 2.

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

DAVID Y IGE Chair

## The Senate Twenty-Seventh Legislature State of Hawai'i

# Record of Votes Committee on Ways and Means WAM

Bill / Resolution No.:* HB19H3HD2 SD1	Committee Referral: Date:  ENE/LPN, WAM  3-28-14				
The committee is reconsidering its previous decision on this measure.					
If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)					
KIDANI, Michelle N. (VC)		/			
CHUN OAKLAND, Suzanne					
DELA CRUZ, Donovan M.	-	/			
ENGLISH, J. Kalani		/			
ESPERO, Will		\ \ \			
KAHELE, Gilbert					
KEITH-AGARAN, Gilbert S.C.					
KOUCHI, Ronald D.					
RUDERMAN, Russell E.			-		
THIELEN, Laura H.		<u> </u>			
TOKUDA, Jill N.					
SLOM, Sam		V			
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Recommendation:	/	11			1
Adopted Not Adopted					
Chair's or Designee's Signature: Mchille Adari					
Distribution:         Original         Yellow         Pink         Goldenrod           File with Committee Report         Clerk's Office         Drafting Agency         Committee File Copy					

<sup>\*</sup>Only one measure per Record of Votes