
A BILL FOR AN ACT

RELATING TO ENERGY.

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

1 SECTION 1. The legislature finds that power purchase
2 agreements, entered into by electric utility companies and
3 approved by the public utilities commission, frequently prohibit
4 power producers from selling energy to third parties, even if
5 that energy is being curtailed and not purchased by the utility.
6 The legislature further finds that it is not in the public
7 interest for the public utilities commission to approve power
8 purchase agreements that promote the waste of energy in this
9 way. Rather than being wasted, curtailed energy could serve the
10 people of Hawaii by being converted into clean fuels such as
11 hydrogen, stored for later use, or otherwise used in a
12 productive manner.

13 The purpose of this Act is to:

14 (1) Prohibit the public utilities commission from
15 approving power purchase agreements that prohibit the
16 sale of renewable energy to a third party or require



1 the consent of an electric utility company to sell
2 renewable energy to a third party; and

3 (2) Require an independent power producer to pay fair
4 compensation to an electric utility company when
5 curtailed renewable energy is sold by the independent
6 power producer to a third party on the electrical
7 grid.

8 SECTION 2. Section 269-16.22, Hawaii Revised Statutes, is
9 amended to read as follows:

10 " **[+]§269-16.22[+]** **Power purchase agreements; cost recovery**
11 **for electric utilities[-]; sale of renewable energy to third**
12 **party.** (a) All power purchase costs, including costs related
13 to capacity, operations and maintenance, and other costs that
14 are incurred by an electric utility company, arising out of
15 power purchase agreements that have been approved by the public
16 utilities commission and are binding obligations on the electric
17 utility company, shall be allowed to be recovered by the utility
18 from the customer base of the electric utility company through
19 one or more adjustable surcharges, which shall be established by
20 the public utilities commission. The costs shall be allowed to
21 be recovered if incurred as a result of such agreements unless,



1 after review by the public utilities commission, any such costs
2 are determined by the commission to have been incurred in bad
3 faith, out of waste, out of an abuse of discretion, or in
4 violation of law. [~~For purposes of this section, an "electric~~
5 ~~utility company" means a public utility as defined under section~~
6 ~~269-1, for the production, conveyance, transmission, delivery,~~
7 ~~or furnishing of electric power.]~~

8 (b) The public utilities commission shall not approve:

9 (1) Any power purchase agreement; or

10 (2) Any amendment, modification, or renewal of any power
11 purchase agreement,

12 if the power purchase agreement prohibits the sale of renewable
13 energy to a third party or requires the consent of an electric
14 utility company to sell renewable energy to a third party, to
15 the extent that such renewable energy will be converted from
16 electrical energy to another form of energy such as chemical or
17 thermal energy, or to the extent that such renewable energy will
18 be stored for later provision to an electric utility company.

19 (c) An electric utility company shall be paid fair

20 compensation by an independent power producer when curtailed



1 renewable energy is sold by the independent power producer to a
2 third party on the electrical grid.

3 (d) As used in this section:

4 "Curtailed renewable energy" means renewable energy that is
5 produced by an independent power producer but that is not
6 accepted by an electric utility company onto the electrical
7 grid.

8 "Electric utility company" means a public utility as
9 defined under section 269-1, for the production, conveyance,
10 transmission, delivery, or furnishing of electric power."

11 SECTION 3. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 4. This Act shall take effect on July 1, 2015.



Report Title:

Public Utilities Commission; Power Purchase Agreements;
Curtailed Energy

Description:

Prohibits the Public Utilities Commission from approving power purchase agreements that prohibit the sale of renewable energy to third parties or require utility consent to sell renewable energy to third parties, to the extent that such renewable energy will be converted from electrical energy to another form of energy such as chemical or thermal energy, or to the extent that such renewable energy will be stored for later provision to an electric utility company. Requires fair compensation to be paid to an electric utility company when curtailed renewable energy is sold by an independent power producer to a third party on the electrical grid. (HB1505 HD1)

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