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

12 The purpose of this Act is to prohibit the public utilities
13 commission from approving power purchase agreements that
14 prohibit the sale of renewable energy to third parties or
15 require utility consent to sell renewable energy to third
16 parties to the extent that the renewable energy will be
17 converted from electrical energy to another form of energy or
18 will be stored for later distribution to an electric utility.



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

3 " [~~§~~269-16.22 ~~§~~] Power purchase agreements; cost recovery
4 for electric utilities ~~[-]~~; sale of energy to third party. (a)

5 All power purchase costs, including costs related to capacity,
6 operations and maintenance, and other costs that are incurred by
7 an electric utility company, arising out of power purchase
8 agreements that have been approved by the public utilities
9 commission and are binding obligations on the electric utility
10 company, shall be allowed to be recovered by the utility from
11 the customer base of the electric utility company through one or
12 more adjustable surcharges, which shall be established by the
13 public utilities commission. The costs shall be allowed to be
14 recovered if incurred as a result of such agreements unless,
15 after review by the public utilities commission, any such costs
16 are determined by the commission to have been incurred in bad
17 faith, out of waste, out of an abuse of discretion, or in
18 violation of law. For purposes of this section, an "electric
19 utility company" means a public utility as defined under section
20 269-1, for the production, conveyance, transmission, delivery,
21 or furnishing of electric power.



1 (b) The public utilities commission shall not approve any
2 power purchase agreement, nor approve any amendment,
3 modification, or renewal of any power purchase agreement, if the
4 power purchase agreement prohibits the sale of renewable energy
5 to third parties or requires utility consent to sell renewable
6 energy to third parties to the extent that the renewable energy
7 will be converted from electrical energy to another form of
8 energy, including but not limited to chemical or thermal energy,
9 or will be stored for later distribution to an electric
10 utility."

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.

14



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 the renewable energy will be converted from electrical energy to another form of energy or will be stored for later distribution to an electric utility. (SD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

