

Honolulu, Hawaii

February 19, 2016

RE: H.B. No. 2649

H.D. 1

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Eighth State Legislature
Regular Session of 2016
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 2649, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose of this measure is to protect electricity ratepayers from potentially unnecessary additional costs.

More specifically, this measure requires the Public Utilities Commission to establish performance incentive mechanisms that directly tie an electric utility's revenues to the utility's achievement on the performance metrics.

Your Committee received testimony in support of this measure from the Distributed Energy Resources Council. Testimony in opposition was received from Hawaiian Electric Company and its subsidiary utilities Maui Electric Company and Hawaii Electric Light Company. The Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, Public Utilities Commission, and Hawaii Energy Policy Forum submitted comments on the measure.

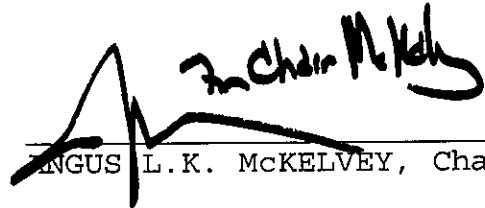
Your Committee finds that current policies allow investor-owned utilities to profit from making investments in infrastructure while passing costs of the investments on to ratepayers, which serves as an incentive to increase infrastructure spending to increase profits while inflating



ratepayer bills. While infrastructure investments are necessary to achieve the State's goal of transitioning to renewable energy, regulatory policies must change to ensure utilities maximize benefits to the public, reduce risks to ratepayers, and shift to renewable energy at the lowest cost to consumers.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2649, H.D. 1, and recommends that it be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,


ANGUS L.K. McKELVEY, Chair



Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: HB 2649 HD 1	Committee Referral: EEP, CPC, FIN	Date: Feb 17, 2016
---	---	------------------------------

The committee is reconsidering its previous decision on the measure.

The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold
 Pass short form bill with HD to recommit for future public hearing (recommit)

CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. McKELVEY, Angus L.K. (C)	/			
2. WOODSON, Justin H. (VC)	/			
3. BELATTI, Della Au	/			
4. BROWER, Tom	/			
5. CREAGAN, Richard P.	/			
6. HAR, Sharon E.	/			
7. HASHEM, Mark J.	/			
8. KAWAKAMI, Derek S.K.				/
9. LEE, Chris	/			
10. NAKASHIMA, Mark M.	/			
11. OSHIRO, Marcus R.				/
12. SAN BUENAVENTURA, Joy A.	/			
13. TAKAYAMA, Gregg	/			
14. YAMANE, Ryan I.				/
15. FUKUMOTO CHANG, Beth	/			
16. McDERMOTT, Bob				/
TOTAL (16)	12	0	0	4

The recommendation is: Adopted Not Adopted
If joint referral, _____ did not support recommendation.
 committee acronym(s)

Vice Chair's or designee's signature: _____