

JAN 27 2016

A BILL FOR AN ACT

RELATING TO THE PUBLIC UTILITIES COMMISSION.

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

1 SECTION 1. The legislature finds that burning coal emits
2 harmful waste such as carbon dioxide, sulphur dioxide, nitrogen
3 oxides, sulphuric acids, arsenic, and ash. Coal also emits
4 twice as much carbon dioxide when compared with natural gas to
5 produce the same level of heat, which increases the levels of
6 harmful greenhouse gases emitted into the earth's atmosphere.
7 Carbon dioxide emissions from the burning of fossil fuels now
8 account for about sixty-five per cent of the extra carbon
9 dioxide in the atmosphere.

10 The purpose of this Act is to prohibit electric utilities
11 from purchasing coal as a power source.

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

14 " ~~[+]~~ §269-16.22 ~~[+]~~ Power purchase agreements; cost recovery
15 for electric utilities. (a) All power purchase costs,
16 including costs related to capacity, operations and maintenance,
17 and other costs that are incurred by an electric utility



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

16 (b) Beginning January 1, 2023, and thereafter, no electric
17 utility company shall be allowed to recover costs under
18 subsection (a) from the purchase of coal.

19 (c) No power purchase agreement under subsection (a) shall
20 be approved by the public utilities commission, if the agreement



S.B. NO. 3045

1 is for the purchase of coal for the generation of electricity
 2 occurring after December 31, 2022."

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

5 SECTION 4. This Act shall take effect on July 1, 2016.

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S.B. NO. 3045

Report Title:

Energy; Public Utilities Commission; Electric Utility Companies;
Purchase of Coal for Power Generation

Description:

Prohibits electric utility companies from recovering costs from the customer base for the purchase of coal beginning January 1, 2023. Prohibits power purchase agreements from being approved by the public utilities commission if the agreement is for the purchase of coal for the generation of electricity occurring after December 31, 2022.

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