
A BILL FOR AN ACT

RELATING TO ENERGY PLANNING.

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

1 SECTION 1. The legislature finds that the public utilities
2 commission has engaged in a grid infrastructure planning
3 process, more recently known as the power supply improvement
4 plan, with a goal of taking the next steps to modernize the
5 State's aging electric grid. The legislature also finds that
6 the commission has worked vigorously to approve an acceptable
7 plan that maximizes benefits and minimizes costs to consumers.
8 The legislature recognizes, however, that the current planning
9 process driven by a regulated utility is rife with conflicts of
10 interest that pit the utility's interest in driving up costs in
11 order to boost utility revenue against the interest of consumers
12 in keeping costs low, as well as the utility's twentieth century
13 business model against the State's overall interest in
14 modernizing the grid with innovative technology.

15 The legislature further finds that because the utility in
16 question currently proposes an initial power supply improvement
17 plan, it can choose which technologies, projects, and



1 assumptions are built into the plan, thus excluding from
 2 consideration cheaper alternatives that could result in
 3 significant savings to ratepayers. These conflicts of interest
 4 have led the commission to reject the utility's power supply
 5 improvement plan numerous times; thus far, it has taken the
 6 utility six years to develop a five-year plan, which has yet to
 7 be approved as of January 2017. The conflicts of interest that
 8 have surfaced during this process have cost not only taxpayers,
 9 ratepayers, and stakeholders millions of dollars in time and
 10 consulting costs, but will also potentially cost the people of
 11 Hawaii tens or even hundreds of millions of dollars in
 12 additional project costs and lost savings because of delayed
 13 grid modernization upgrades.

14 The purpose of this Act is to minimize conflicts of
 15 interest in the grid planning process by using appropriate data
 16 to establish a plan through an independent third party, which
 17 all stakeholders may review and comment on at public hearings.

18 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
 19 amended by adding a new section to part IX to be appropriately
 20 designated and to read as follows:



1 "§269- Grid modernization plans; establishment; public
2 hearing. (a) The public utilities commission, when considering
3 short-, medium-, or long-term grid modernization plans of four
4 years or more, shall open an investigative proceeding to examine
5 objectives, assumptions, and models, and shall direct an
6 independent third party to develop an initial grid modernization
7 plan that best meets the objectives set forth by the commission.
8 Subsequent to development of the initial grid modernization
9 plan, stakeholders and other members of the public shall be
10 allowed to offer comments in a public hearing. Thereafter, the
11 commission may make further plan modifications before any grid
12 modernization plan is established.

13 (b) A regulated utility subject to grid modernization
14 plans considered by the public utilities commission pursuant to
15 subsection (a) shall make available any requisite data and other
16 information that are deemed appropriate by the commission for
17 the purposes of establishing a grid modernization plan."

18 SECTION 3. New statutory material is underscored.

19 SECTION 4. This Act shall take effect on January 1, 2018,
20 and shall apply to all grid modernization planning processes
21 that begin after this date.



Report Title:

Public Utilities Commission; Energy Planning; Grid Modernization Plans

Description:

Requires the Public Utilities Commission, when considering certain types of grid modernization plans, to direct an independent third party to establish an initial grid modernization plan. Requires the Commission to allow public comments and subjects the plan to further modification by the Commission. (HB1569 HD1)

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