

STAND. COM. REP. NO. 3140

Honolulu, Hawaii

MAR 20 2008

RE: H.B. No. 2550  
H.D. 2  
S.D. 1

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fourth State Legislature  
Regular Session of 2008  
State of Hawaii

Madam:

Your Committee on Energy and Environment, to which was referred H.B. No. 2550, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO PUBLIC UTILITIES,"

begs leave to report as follows:

The purpose of this measure is to enhance Hawaii's energy and economic security and reduce its vulnerability to fluctuating fuel prices related to electricity generation by removing barriers to the development of solar electric resources and increasing the accessibility of net energy metering.

Testimony in support of this measure was submitted by the Director of Business, Economic Development, and Tourism; Suntech Hawaii; SunEdison; Zero Emissions Leasing LLC; and Sierra Club, Hawaii Chapter. Testimony in opposition to this measure was submitted by the Hawaiian Electric Company and its subsidiary utilities, Maui Electric Company and Hawaii Electric Light Company. Comments were submitted by the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs; Chairman of the Public Utilities Commission (PUC); Kauai Island Utility Cooperative; and Hawaii Solar Energy Association.

Your Committee finds that Hawaii has an abundance of renewable energy resources that can and should be used to reduce the State's dependence on imported fossil fuels. Net-energy metering programs encourage utility customers to invest in renewable energy systems by allowing customers who own and operate



certain renewable facilities to be paid the utility's retail rate for electricity generated by an eligible customer-generator and fed back to the electric grid.

To improve its response to the needs of the net-energy metering program, your Committee finds that the PUC requires the flexibility to evaluate and set the thresholds for the total rated generating capacity and customer-generator size applicable to the net energy metering program. Given the relatively small size of systems on certain islands, the PUC also requires the authority to evaluate the applicability of the thresholds on an island-by-island or utility grid basis to ensure that the thresholds are reasonable. Finally, reserving, for eligible residential or small commercial customer- generators, a percentage of the total rated generating capacity produced from eligible customer-generators, will provide incentive for increased participation in the net-energy metering program.

Accordingly, your Committee has amended this measure by limiting its scope to the following:

- (1) Allowing the PUC to modify, rather than limiting it to only increasing, the total rated generating capacity produced by eligible customer-generators;
- (2) Allowing the PUC to define the maximum capacity for eligible residential or small commercial customer-generators, to evaluate, on an island-by-island basis, the applicability of the generating capacity requirements and, in its discretion, to exempt an island or a utility grid system from the generating capacity requirements;
- (3) Requiring the PUC to ensure that a percentage of the total rated generating capacity produced by eligible customer-generators is reserved for electricity produced by eligible residential or small commercial customer-generators; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and style.

Your Committee finds that the authority given to the PUC by this measure will enable it to monitor, evaluate, and adjust the parameters of the net-energy metering program so that every



reasonable opportunity is taken to increase renewable energy resource development through the program for the benefit of the people of the State.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2550, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2550, H.D. 2, S.D. 1, and be referred to the Committee on Commerce, Consumer Protection, and Affordable Housing.

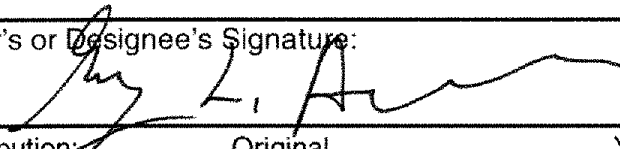
Respectfully submitted on  
behalf of the members of the  
Committee on Energy and  
Environment,

  
\_\_\_\_\_  
RON MENOR, Chair



The Senate  
Twenty-Fourth Legislature  
State of Hawaii

**Record of Votes**  
**Committee on Energy and Environment**  
**ENE**

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 2550 HD2	ENE, WAM	3/19/08		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312	<input checked="" type="checkbox"/> Pass, with amendments 2311	<input type="checkbox"/> Hold 2310		
<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
MENOR, Ron (C)	✓			
HOOSER, Gary L. (VC)	✓			
IHARA, Jr., Les				✓
KOKUBUN, Russell S.		✓		
TRIMBLE, Gordon	✓			
<b>TOTAL</b>	3	1		1
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:		Original	Yellow	Pink
		File with Committee Report	Clerk's Office	Drafting Agency

\*Only one measure per Record of Votes