
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 it is imperative to
2 enable the development of affordable clean energy resources for
3 the benefit of utility customers in the State. Many existing
4 generating units in the State will need to be retired in the
5 next few years due to obsolescence and environmental permitting
6 requirements. The impending retirement of these units makes it
7 urgent to obtain replacement resources, without which the
8 reliability of electric supplies in the State will be at risk.
9 In addition, continued reliance on these aging units, even if
10 feasible, would result in increased costs for utility customers
11 and continued reliance on fossil fuels, contrary to the State's
12 policy to transition to renewable, non-carbon-emitting
13 resources.

14 The procurement or purchase of energy from replacement
15 clean energy resources by a certain investor-owned electric
16 utility and its electric utility subsidiaries is ongoing in its
17 Stage 3 request for proposals, further anticipated in its first



1 Integrated Grid Planning request for proposals, and other
2 proposals. These proposals will set forth energy plans that
3 have been developed through extensive engagement with local
4 stakeholders and communities and reviewed and approved by the
5 public utilities commission. The legislature finds that
6 successful purchase of energy from clean energy resources is in
7 the public interest and necessary to avoid significant
8 detrimental reliability and affordability impacts to electric
9 utility customers.

10 The legislature further finds that the development of clean
11 energy resources by independent power producers is essential to
12 achieve the State's goals of one hundred per cent net
13 electricity sales from renewable sources by 2045, a zero
14 emissions economy by 2045, and greater energy security and
15 energy diversification, as established by the Hawaii State
16 Planning Act and existing public utility laws.

17 The legislature also finds that continued development of
18 clean energy resources requires adequate assurances that
19 payments for purchased power will be made to independent power
20 producers as and when due by the utility under power purchase
21 agreements. The current sub-investment-grade status of a



1 certain investor-owned electric utility and its subsidiaries,
2 arising from the tragic events that occurred in the 2023 Maui
3 wildfires, has led independent power producers, and those who
4 would otherwise finance renewable energy projects, to raise
5 concerns about the reliability of payment by the utility and its
6 subsidiaries under power purchase agreements procured through
7 the Stage 3 and Integrated Grid Planning requests for proposals.
8 Those concerns may cause independent power producers to cancel
9 renewable energy projects or increase the prices they would
10 charge for deliveries to address this perceived credit risk.
11 Either outcome would be contrary to the interests of electric
12 utility customers in the State.

13 The legislature further finds that the public interest
14 would be served if the department of budget and finance enters
15 into "step-in agreements" with independent power producers,
16 pursuant to which the department of budget and finance would
17 agree to make payments to the independent power producers after
18 a failure by an electric utility to make required payments
19 pursuant to the terms of the power purchase agreements. The
20 department of budget and finance's obligation to make payments
21 pursuant to the terms of a step-in agreement is limited to the



1 moneys associated with a power purchase agreement subject to a
2 step-in agreement and reserve fees that are on deposit in a
3 power purchase costs trust fund. Neither the full faith and
4 credit of the State, nor any other moneys of the State, will be
5 pledged for any obligations under a step-in agreement.

6 The legislature finds that step-in agreements may provide
7 assurances that payments for purchased power will be made to
8 independent power producers as and when due by the utility under
9 the covered power purchase agreements. The legislature also
10 finds that the intent of this Act is further served by
11 appointing, authorizing, and empowering the electric utility to
12 serve as the billing, collection, and payment agent of the
13 department of budget and finance. Prior to a payment default by
14 the electric utility, the electric utility will be authorized to
15 utilize moneys to discharge its obligations to pay independent
16 power producers for electric energy and related products. The
17 obligations of the department of budget and finance under this
18 Act are undertaken for a public purpose, namely, the protection
19 of public health, safety, and welfare by supporting the
20 development of clean energy resources that are needed for the
21 reliable provision of electric supply at a reasonable cost.



1 Therefore, the purpose of this Act is to:

- 2 (1) Require the department of budget and finance to enter
3 into a step-in agreement with an independent power
4 producer under which the department of budget and
5 finance will agree to make required payments to the
6 independent power producer after a failure by the
7 electric utility to make required payments pursuant to
8 the terms of a power purchase agreement;
- 9 (2) Establish a trust fund outside the state treasury that
10 shall be capitalized by money from a surcharge
11 supporting a reserve account and, in the event of a
12 default, by money received from power purchase
13 charges, in each case associated with covered power
14 purchase agreements, for the fulfillment of payment
15 obligations arising from the power purchase agreement;
- 16 (3) Establish that money collected from on-bill charges
17 associated with covered power purchase agreements and
18 money from a surcharge supporting a reserve account
19 that are deposited in the power purchase costs trust
20 fund shall be held in trust by the State, and that
21 independent power producers shall hold a beneficial



1 interest in the moneys to the extent of the amounts
2 owed to such independent power producers under the
3 covered power purchase agreements; and

4 (4) Appoint, authorize, and empower an electric utility to
5 serve as the billing, collection, and payment agent of
6 the department of budget and finance to implement the
7 requirements of this Act.

8 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
9 amended by adding a new part to be appropriately designated and
10 to read as follows:

11 **"PART . STEP-IN AGREEMENTS COVERING POWER PURCHASE COSTS**

12 **§269-A Definitions.** As used in this part:

13 "Covered power purchase agreement" means a power purchase
14 agreement that is subject to a step-in agreement.

15 "Default" means the failure by an electric utility to pay
16 power purchase costs as and when due to an obligee under a
17 covered power purchase agreement after the expiration of any
18 applicable grace or cure periods and extensions thereto.

19 "Default" shall not mean a bankruptcy filing by an electric
20 utility.



1 "Department" means the department of budget and finance, or
2 any successor by law.

3 "Electric utility" means a public utility that produces,
4 conveys, transmits, delivers, or furnishes electric power.

5 "Energy cost recovery clause" means the provision, or other
6 equivalent, in an electric utility's rate schedules that allows
7 the electric utility to recover its costs of fuel, expenses, and
8 related taxes, for energy costs of power purchased under a power
9 purchase agreement.

10 "Fund" means the power purchase costs trust fund
11 established pursuant to section 269-D.

12 "Investment grade status" means a credit rating for the
13 electric utility's senior unsecured long-term debt obligations
14 or an issuer credit rating for the electric utility, in each
15 case, without regard for third-party credit enhancements, from
16 at least two out of three of the following:

17 (1) BBB- or higher for S&P Global Ratings, or any
18 successor by law;

19 (2) BAA3 or higher by Moody's Investor Services, Inc., or
20 any successor by law; or



(3) BBB- or higher by Fitch Ratings, Inc., or any
successor by law.

"Obligee" means any user, owner, or operator of the Hawaii
electric system that is owed payment of power purchase costs by
an electric utility under a power purchase agreement.

"Power purchase agreement" means a contract between an
electric utility and a user, owner, or operator of the Hawaii
electric system, approved by the public utilities commission,
pursuant to which the electric utility agrees to purchase, and
the user, owner, or operator of the Hawaii electric system
agrees to sell, electric energy and related products produced by
plants or facilities.

"Power purchase charges" means the on-bill charges,
excluding reserve fees, authorized by the public utilities
commission to be imposed on and collected from all existing and
future customers of an electric utility or any successor for
power purchase costs, including but not limited to the energy
cost recovery clause and the purchased power adjustment clause.

"Power purchase costs" means costs incurred by an electric
utility pursuant to the terms of a power purchase agreement,
including without limitation, costs such as termination payments



1 payable by an electric utility in connection with the
2 termination of a power purchase agreement as a result of a
3 default by the electric utility. "Power purchase costs"
4 includes, without limitation, all categories of costs
5 recoverable under the energy cost recovery clause and the
6 purchased power adjustment clause under their respective
7 tariffs.

8 "Purchased power adjustment clause" means the provision, or
9 other equivalent, in an electric utility's rate schedules that
10 allows the electric utility to recover expenses and related
11 taxes for non-energy costs of power purchased under a power
12 purchase agreement.

13 "Reserve fees" means the surcharges described in section
14 269-E(a).

15 "Revenue" means moneys from power purchase charges and
16 reserve fees net of any applicable taxes or government fees,
17 including but not limited to the franchise tax, public service
18 company tax, and public utilities commission fee.

19 "Step-in agreement" means a contract by which the
20 department undertakes the obligation of payment for power
21 purchase costs owed to an obligee as and when due by an electric



1 utility under a power purchase agreement following a default, as
2 described in section 269-B(a); provided that the department's
3 payment obligation under the step-in agreement is limited to the
4 moneys from power purchase charges and reserve fees collected in
5 connection with the covered power purchase agreements and on
6 deposit in the fund.

7 "User, owner, or operator of the Hawaii electric system"
8 has the same meaning as defined in section 269-141.

9 **§269-B Step-in agreements.** (a) The department shall
10 enter into a step-in agreement with an obligee after receipt of
11 satisfactory results from a due diligence investigation by the
12 department of an obligee and the proposed step-in agreement.
13 The step-in agreement shall require the department to make
14 payments for power purchase costs owed by an electric utility to
15 the obligee in the event of a default; provided that before
16 entering into any step-in agreement, the department shall
17 conduct due diligence on the obligee, including through
18 communication with the prospective obligee, within thirty days
19 of the effective date of this Act. Pursuant to the step-in
20 agreement and upon the default, the department shall make
21 payments to the obligee for power purchase costs with moneys on



1 deposit in the fund as and when due by the electric utility
2 under the covered power purchase agreement; provided that any
3 step-in agreement shall provide that the department's payment
4 obligation thereunder shall be limited to the moneys from power
5 purchase charges and reserve fees collected in connection with
6 covered power purchase agreements that are on deposit in the
7 fund. Each step-in agreement shall include a clause stating
8 that neither the full faith and credit of the State nor any
9 other moneys of the State will be pledged for any obligations
10 pursuant to the terms of the step-in agreement; that in any
11 action concerning a failure by the department to comply with the
12 terms of the step-in agreement, the sole and exclusive remedy
13 available to an obligee and the electric utility against the
14 department shall be an order directing specific performance of
15 the step-in agreement; and that under no circumstances shall the
16 department be liable for any costs, expenses, other monetary
17 relief, or compensatory damages. An obligee of a covered power
18 purchase agreement shall have no claim or lien on any moneys of
19 the State except for those revenues from the power purchase
20 charges and reserve fees attributable to the covered power
21 purchase agreement that are transferred by the electric utility



1 and on deposit in the fund. An obligee shall remain entitled to
2 all payments for power purchase costs owed under the covered
3 power purchase agreement, whether or not the moneys from power
4 purchase charges attributable to the covered power purchase
5 agreement are timely collected. Notwithstanding anything to the
6 contrary in this part, a step-in agreement shall also obligate
7 the department to pay claims of the obligee from moneys on
8 deposit in the fund arising out of termination of a power
9 purchase agreement by the electric utility under bankruptcy law.

10 (b) The department shall enter into a step-in agreement
11 for each covered power purchase agreement. The department shall
12 enter into a step-in agreement related to a power purchase
13 agreement when the power purchase agreement is executed, or if
14 the power purchase agreement has already been executed as of
15 July 1, 2025, as soon as reasonably possible.

16 (c) The payment obligation of the department under a step-
17 in agreement shall commence not later than two days after the
18 date of a notice given by the department to the electric utility
19 pursuant to section 269-C(a).

20 (d) The step-in agreement shall terminate when the credit
21 rating of the electric utility or its successor achieves



1 investment grade status or by express agreement of the obligee,
2 department, and electric utility. Following the termination of
3 a step-in agreement, the department shall have no obligation to
4 the electric utility or the obligee upon a default by the
5 electric utility.

6 (e) Following a default of a covered power purchase
7 agreement and any payment by the department from moneys in the
8 fund, the electric utility, through agreement with all obligees
9 of its covered power purchase agreements, may elect to resume
10 payments for power purchase costs owed by the electric utility,
11 regardless of the credit rating of the electric utility at that
12 time, in which case the electric utility shall cease to transfer
13 revenues representing moneys from power purchase charges
14 collected in connection with the covered power purchase
15 agreement to the fund as described in section 269-C(a), and may
16 use the revenues from power purchase charges through the vesting
17 of title in the electric utility as described in subsection (h);
18 provided that the payments shall not terminate the step-in
19 agreement, which shall remain in effect until terminated
20 pursuant to subsection (d), and the department shall remain
21 obligated to pay the obligee upon a subsequent default by the



1 electric utility solely from moneys on deposit in the fund;
2 provided further that no such election by the electric utility
3 shall be permitted if the department has made payment for power
4 purchase costs with moneys from the reserve fees.

5 (f) The department may impose other conditions, and may
6 include other terms, in a step-in agreement that it deems
7 necessary to implement the requirements of this part; provided
8 that the conditions and terms shall not adversely affect the
9 obligation of the department to make payments, but only to the
10 extent that there are moneys in the fund for power purchase
11 costs owed by an electric utility to the obligee as and when due
12 in the event of a default as required by section 269-B(a) or
13 otherwise inconsistent with the covered power purchase
14 agreement.

15 (g) As consideration for the department entering into the
16 step-in agreement, the electric utility or its successor shall
17 enter into an agreement to assign and transfer title to the
18 revenues from power purchase charges and reserve fees
19 attributable to the covered power purchase agreement to the
20 department to be held in trust for the benefit of the obligees
21 under the covered power purchase agreement to the extent of the



1 amounts owed to the obligees. The assignment and transfer of
2 title to the revenues by the electric utility shall be made and
3 remain for the term of the step-in agreement free and clear of
4 any prior lien, pledge, security interest, or encumbrance of any
5 kind, and shall be exempt from section 269-19. The revenues
6 shall not be subject to appropriation for any other purpose.
7 The revenues shall be exempt from the requirements of chapters
8 36 and 38. The electric utility or its successor shall be and
9 remain at all times, even upon the occurrence and during the
10 continuance of a default by the electric utility or its
11 successor, obligated to bill and collect the power purchase
12 charges and reserve fees as an agent for the department to
13 effectuate the purposes of this part.

14 (h) Prior to default or an entry of an order of relief
15 with respect to the electric utility under title 11 of the
16 United States Code, if any payment obligation of the electric
17 utility under a covered power purchase agreement for power
18 purchase costs becomes owed and due, any title held by the
19 department in trust to the revenues related to moneys from power
20 purchase charges for the payment obligation owed and due shall
21 divest from the department and vest in the electric utility or



1 its successor at the time the payment by the electric utility or
2 its successor is made to the obligee. Any vesting of moneys
3 from power purchase charges to the electric utility at the time
4 of payment may be made without appropriation by the legislature
5 or allotment. The department shall not otherwise assign, sell,
6 or transfer any title to, or any claim or right to, the revenues
7 from power purchase charges or reserve fees.

8 (i) To meet the requirements of the State and the public
9 utilities commission pertaining to electric reliability, energy
10 security, and energy diversification under this chapter and any
11 rules adopted pursuant thereto, the electric utility shall
12 ensure that it maintains sufficient availability of electric
13 energy and related products, to the extent provided by an
14 obligee in accordance with a covered power purchase agreement.
15 The public utilities commission may exercise its regulatory
16 powers to ensure that the electric utility complies with its
17 obligations under the covered power purchase agreement.

18 (j) Notwithstanding any other law to the contrary, the
19 electric utility shall file with the public utilities
20 commission, and the public utilities commission may allow to
21 become effective, monthly rate adjustments provided under the



1 energy cost recovery clause and purchased power adjustment
2 clause to establish or adjust power purchase charges in a manner
3 designed to:

4 (1) Generate sufficient moneys from power purchase charges
5 to timely and fully pay amounts when owed and due
6 under covered power purchase agreements;

7 (2) Ensure that in no event shall moneys from power
8 purchase charges fall below the amounts owed and due
9 under covered power purchase agreements by a sum that
10 exceeds the amounts in the reserve account established
11 under section 269-E; and

12 (3) Recover any applicable taxes and government fees and
13 any incremental administrative costs of the electric
14 utility or the department incurred to implement the
15 requirements of this part.

16 To achieve the objectives established pursuant to this
17 subsection, unless the public utilities commission otherwise
18 directs, the electric utility may retain revenues collected from
19 power purchase charges in excess of amounts owed and due under
20 the covered power purchase agreements. Any moneys in the
21 reserve account established under the fund shall remain with the



1 department. The obligations of the electric utility and of the
2 public utilities commission under this section shall survive any
3 default by the electric utility and shall terminate only upon
4 the termination of the step-in agreement as provided in
5 subsection (d).

6 (k) If an obligee provides notice to the department that
7 the electric utility has failed to timely file any submission as
8 described in subsection (j), the department shall promptly file,
9 or direct the electric utility to file, pursuant to section
10 269-F(a), and the public utilities commission shall allow to
11 become effective, a substitute filing as if the filing had been
12 submitted by the electric utility under subsection (j). The
13 electric utility shall implement the power purchase charges in
14 the substitute filing from the department.

15 **§269-C Default of electric utility; successor**

16 **requirements.** (a) If the obligee provides notice to the
17 department of a default of a covered power purchase agreement,
18 the department shall promptly provide the electric utility with
19 a copy of the notice of the default. One day after the electric
20 utility receives the notice, the electric utility shall transfer
21 all revenues from the power purchase charges arising from any



1 covered power purchase agreements identified in the notice and
2 reserve fees, regardless of when collected, then in its
3 possession, and, subject to section 269-B(e), all future
4 revenues from the power purchase charges and reserve fees
5 thereafter collected to the fund established pursuant to section
6 269-D(a). These amounts shall include all revenues received by
7 the electric utility after a default for the power purchase
8 charges and reserve fees billed before the default. The
9 department shall use the revenues collected from the power
10 purchase charges and reserve fees on deposit in the fund only in
11 the order as follows:

12 (1) To pay power purchase costs pursuant to step-in
13 agreements, subject to the appointment, authorization,
14 and empowerment of the electric utility as an agent as
15 described in section 269-F(e), and for revenues in
16 excess of amounts owed under covered power purchase
17 agreements;

18 (2) To recover any incremental administrative costs of the
19 electric utility or the department incurred to
20 implement the requirements of this part; and

21 (3) To implement a rate credit to customers.



1 (b) Any step-in agreement shall remain in effect
2 notwithstanding any bankruptcy, reorganization, or other
3 insolvency proceedings with respect to the electric utility.

4 (c) The obligation of the electric utility to collect and
5 remit the revenues from power purchase charges and reserve fees
6 pursuant to the requirements of this part shall not be subject
7 to any setoff, counterclaim, surcharge, or defense by the
8 electric utility, or in connection with a bankruptcy of any
9 electric utility.

10 (d) Any successor to an electric utility shall be bound by
11 the requirements of this part. The successor shall perform and
12 satisfy all obligations of the electric utility in the same
13 manner and to the same extent as the electric utility, including
14 the obligation upon default to bill and collect the power
15 purchase charges and reserve fees and remit to the fund the
16 revenues collected in connection with any covered power purchase
17 agreement, unless and until the step-in agreement is terminated
18 as described in section 269-B(d).

19 (e) If the step-in agreement is terminated as described in
20 section 269-B(d), then by operation of law, any title to the
21 revenues related to power purchase charges attributable to the



1 covered power purchase agreement shall immediately cease to be
2 held in trust and the electric utility or its successor shall
3 thereafter be the sole holder of title or beneficial and
4 equitable interest in, and any claim or right to, the revenues
5 related to power purchase charges, and the obligation of the
6 electric utility or its successor to bill and collect the power
7 purchase charges and reserve fees as an agent for the
8 department, and, if applicable, to remit the collected revenues
9 to the fund, shall terminate.

10 **§269-D Power purchase costs trust fund.** (a) There is
11 established outside the state treasury the power purchase costs
12 trust fund to be administered by the department. The department
13 shall establish and maintain two separate accounts within the
14 fund, with the first account to be utilized for the deposit of
15 all power purchase charges transferred by the electric utility,
16 and the second account to be utilized for the deposit of reserve
17 fees transferred by the electric utility. The electric utility
18 shall transfer to the department for deposit into the applicable
19 account in the fund all revenues collected in connection with
20 covered power purchase agreements from:



1 (1) Power purchase charges in the event of a default of
2 covered power purchase agreements; and

3 (2) Reserve fees.

4 (b) Moneys in the fund shall be held by the department in
5 trust for the term of the step-in agreement for the benefit of
6 obligees of covered power purchase agreements to the extent of
7 the amounts owed to the obligees. The department's payments
8 from the fund shall be made without appropriation or allotment,
9 as provided in section 37-40.

10 (c) If a step-in agreement is terminated as described in
11 section 269-B(d), the fund shall cease to receive any moneys
12 from the power purchase charges collected by the electric
13 utility or its successor and the department shall pay to the
14 electric utility or its successor the remainder of any moneys in
15 the fund attributable to power purchase charges, which shall be
16 considered moneys of the electric utility or its successor.

17 (d) The department shall be under no obligation to make
18 payment to any obligee in excess of the moneys in the fund. Any
19 default or failure by the department to make payments pursuant
20 to the terms of a step-in agreement under this part shall not
21 result in any recourse by the electric utility or obligee to any



1 funds of the State. An obligee shall only have the benefit of
2 moneys derived from power purchase charges and the reserve fee
3 collected and on deposit in the fund. In any action concerning
4 a breach by the department of a step-in agreement, the sole and
5 exclusive remedy available to an obligee and the electric
6 utility against the department shall be an order directing
7 specific performance of the step-in agreement and under no
8 circumstances shall the department be liable for any costs,
9 expenses, any monetary relief, or compensatory damages.

10 **§269-E Reserve account; establishment.** (a) By August 1,
11 2025, the public utilities commission may create a utility-wide
12 nonbypassable surcharge, referred to as reserve fees, which
13 shall be deposited into an account within the fund and pledged
14 to secure and be applied to the repayment of payment obligations
15 under a covered power purchase agreement to the extent that
16 there is a shortfall in the amount of power purchase charges on
17 deposit in the fund. Reserve fees shall be collected in full by
18 the electric utility or its successors, as collection agents for
19 the department, through a surcharge that is separate and apart
20 from the electric utility's rates. The department shall
21 establish and maintain a separate account within the fund to



1 accept and account for revenues from reserve fees, and the
2 electric utility shall, within one day of receipt, transfer all
3 revenues collected from the surcharge related to the reserve
4 fees directly into the account. The electric utility shall not
5 otherwise assign, sell, or transfer any title to, or any claim
6 or right to, the revenues from reserve fees, except as provided
7 under this part. The electric utility shall not access the
8 reserve account or utilize the revenues deposited therein,
9 except as directed by the department pursuant to section
10 269-F(e). The public utilities commission may require, in the
11 financing order creating the surcharge, that, if a default
12 occurs by the electric utility in remittance of the reserve fee
13 collected, the public utilities commission, upon the application
14 by the department, and without limiting any other remedies
15 available to the department by reason of the default, shall
16 order the sequestration and payment to the department of the
17 reserve fee. Any order shall remain in full force and effect
18 notwithstanding any bankruptcy, reorganization, or other
19 insolvency proceedings with respect to the electric utility.

20 (b) Reserve fees shall be collected and maintained, and if
21 necessary, reinstated, to establish and replenish a reserve



1 account in an amount not to exceed the total of fifteen per cent
2 of the forecasted monthly power purchase costs of all covered
3 power purchase agreements plus an amount sufficient to recover
4 costs related to administration of the reserve account and any
5 applicable taxes and fees.

6 (c) If the step-in agreement terminates pursuant to
7 section 269-B(d), reserve fees collected in connection with the
8 covered power purchase agreement shall cease to be collected and
9 all moneys remaining in the fund attributable to the reserve
10 fees shall be returned in full, together with any associated
11 interest earned, to customers through a rate credit.

12 **§269-F Electric utility; agent of the department.** (a) To
13 implement the requirements of this part, the department may
14 contract with an electric utility or its successor to act as an
15 agent of the department to provide billing, collection, payment,
16 and other related services. In any action concerning a breach
17 by the department of the agency agreement, the sole remedy
18 available to an electric utility against the department shall be
19 an order directing specific performance of the agency agreement.
20 Under no circumstances shall the department be liable for any



1 costs, expenses, other monetary relief, or compensatory damages
2 in connection with a breach of any agency agreement.

3 (b) At the request of the department, the public utilities
4 commission may order an electric utility or its successor to
5 perform the duties pursuant to a contract under subsection (a).

6 (c) The act of serving as an agent to bill and to collect
7 the power purchase charges and reserve fees shall not cause any
8 electric utility to be subject to the laws that regulate
9 financial institutions, escrow depositories, or collection
10 agencies. An electric utility shall not be responsible for
11 lending, underwriting, and credit determinations in respect to
12 these billing and collection activities.

13 (d) To the extent any revenues are received by an electric
14 utility pursuant to subsection (a) in the process of collection,
15 and pending their transfer to the fund pursuant to section 269-
16 D(a), those moneys shall be held in trust for the department's
17 exercise of its obligations pursuant to this part.

18 (e) To implement the requirements of this part, the
19 director of finance may appoint, authorize, and empower the
20 electric utility, as agent for and on behalf of the department,
21 to collect and pay out moneys, including from the fund, for



1 fulfillment of payment obligations of the department arising
2 from step-in agreements related to covered power purchase
3 agreements. The appointment shall terminate when the step-in
4 agreement is terminated as described in section 269-B(d).

5 (f) The department's contract with the electric utility
6 for services pursuant to subsections (a) and (e) shall be exempt
7 from chapter 103D."

8 SECTION 3. If any provision of this Act, or the
9 application thereof to any person or circumstance, is held
10 invalid, the invalidity does not affect other provisions or
11 applications of the Act that can be given effect without the
12 invalid provision or application, and to this end the provisions
13 of this Act are severable.

14 SECTION 4. In codifying the new sections added by section
15 2 of this Act, the revisor of statutes shall substitute
16 appropriate section numbers for the letters used in designating
17 the new sections in this Act.

18 SECTION 5. This Act shall take effect upon its approval.



Report Title:

BNF; Public Utilities Commission; Energy; Step-In Agreements;
Power Purchase Agreements; Power Purchase Costs Trust Fund

Description:

Requires the Department of Budget and Finance to enter into step-in agreements for payment obligations arising under certain power purchase agreements. Establishes the Power Purchase Costs Trust Fund. Establishes that money collected from on-bill charges for power purchase agreements and money received from a surcharge supporting a reserve account that are deposited in the Trust Fund shall be held in trust by the State, and that independent power producers shall hold a beneficial interest in the moneys to the extent of the amounts owed under the covered power purchase agreements. Appoints, authorizes, and empowers an electric utility to serve as the billing, collection, and payment agent of the Department of Budget and Finance in the service of performing step-in agreements. (SD1)

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

