Honolulu, Hawaii

RE: H.B. No. 3222

H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 3222, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose of this bill is to allow Hawaii to become a leader in the development of renewable hydrogen technologies and move the State toward a renewable hydrogen economy by:

- (1) Establishing the Hawaii Renewable Hydrogen Program (Program) to manage the State's transition to a renewable hydrogen economy;
- (2) Establishing the Hydrogen Investment Capital Special Fund to seed private and federal projects for the deployment of hydrogen systems;
- (3) Directing the Department of Business, Economic Development, and Tourism (DBEDT), Hawaii Natural Energy Institute, and Natural Energy Laboratory Hawaii Authority (NELHA) to design a distributed energy storage microgrid demonstration project to transport energy to NELHA;
- (4) Directing the Public Utilities Commission (PUC) to regulate the microgrid; and

(5) Appropriating funds for the Program.

NELHA, Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Inc., and Maui Electric Company, Ltd., supported this bill in part and commented. Rocky Mountain Institute provided testimony in support of this measure with amendments. The Consumer Advocate and DBEDT supported the intent of this bill. PUC and Puna Geothermal Venture commented.

When your Committee heard this measure, the testimony was unanimously in favor of the portions of the bill establishing the Hawaii Renewable Hydrogen Program. However, there was much concern and opposition directed at the establishment of a distributed energy storage microgrid demonstration project. In particular, there were questions as to whether the ratepayers would be carrying the additional cost of the project, or if it would serve to maximize efficiency and reduce costs in energy generation and utilization.

These concerns merit further consideration, and your Committee respectfully requests the Committee on Finance to examine these issues.

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. 3222, H.D. 1, and recommends that it be referred to the Committee on Finance.

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

ROBERT N. HERKES, Chair

State of Hawaii House of Representatives The Twenty-third Legislature

HSCR 593

Record of Votes of the Committee on Consumer Protection & Commerce

Bill/Resolution No.: AD Date: 2/15/06				
Committee Referral: P. CPC, FIN	☐ The committee is reconsidering its previous decision on the measure.			
The recommendation is to: Pass, unamended	☐ Pass, with amendments			
☐ Hold	☐ Recommit			
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. HERKES, Robert N. (C)	~			
2. SCHATZ, Brian (VC)	7			
3. CALDWELL, Kirk	'			
4. ITO, Ken	V			
5. KANOHO, Ezra R.				
6. KARAMATSU, Jon Riki				
7. MORITA, Hermina M.	V			
8. SONSON, Alex M.		randinas na administrator de la compansión de		
9. SOUKI, Joseph M.				
10. MARUMOTO, Barbara C.				
11. STONEBRAKER, Bud	7			
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TOTAL	9	-		2
The recommendation is: Adopted				
□ Not Adopted				
If joint referral, did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature:				
Distribution: Original (White) — Committee Duplicate (Yellow) — Clerk's Office				