STAND. COM. REP. NO. 2949

Honolulu, Hawaii

MAR 2 3 2012

RE: H.B. No. 425

H.D. 3 S.D. 1

Honorable Shan S. Tsutsui President of the Senate Twenty-Sixth State Legislature Regular Session of 2012 State of Hawaii

Sir:

Your Committee on Energy and Environment, to which was referred H.B. No. 425, H.D. 3, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to lower and stabilize electricity costs by requiring the Public Utilities Commission, in exercising its authority and duties, to:

- (1) Consider the need for a diverse fuel portfolio; and
- (2) Maximize the efficiency of electric utility assets.

Your Committee received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Public Utilities Commission; and Sierra Club.

Your Committee finds that mitigating the impact of the price volatility of fossil fuel will lower and stabilize electricity prices. Price volatility for fossil fuels, such as heavy low sulfur fuel oil and diesel, contributes to the high cost of energy in Hawaii. Your Committee also finds that this measure proposes a strategy aimed at stabilizing energy costs in Hawaii.

Your Committee has amended this measure by:

(1) Deleting the purpose section of the measure;



- (2) Clarifying that the Public Utilities Commission is required to consider the costs and benefits of a diverse energy portfolio, rather than a diverse fuel portfolio; and
- (3) Changing the effective date to upon approval.

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. 425, H.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 425, H.D. 3, S.D. 1, and be referred to the Committee on Commerce and Consumer Protection.

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

Environment

MIKE GABBARD, Chair

The Senate Twenty-Sixth Legislature State of Hawaiʻi

Record of Votes Committee on Energy and Environment ENE

Bill / Resolution No.:* Committee Referral: Date: HB 425 HD3 ENE, CPN L5 March WIL					
The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to:					
The Recommendation is:					
Pass, unamended Pass, with amendments Hold Recommit 2312 2311 2310 2313					
Members		Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)					
ENGLISH, J. Kalani (VC)					
GREEN, M.D., Josh					
IHARA, Jr., Les	_				
SLOM, Sam		40 Ve			/
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TOTAL		3			2
Recommendation: Adopted Not Adopted					
Chair's or Designee's Signature: Allan Ghan					
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy					

*Only one measure per Record of Votes