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# A BILL FOR AN ACT

RELATING TO PERFORMANCE-BASED REGULATION.

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

1       SECTION 1. The legislature finds that the economy of the  
2 State is dangerously dependent upon the volatile prices of  
3 imported fossil fuels. In order to provide security and  
4 stability for the economy of the State, the State must end its  
5 reliance upon imported fuels and must decrease energy costs in  
6 the long-term. The legislature further finds that while the  
7 State's energy sector is changing rapidly, electric utility  
8 companies need to make more progress toward ensuring the long-  
9 term public benefit of these changes and must be prepared to  
10 adapt to changing technology and a decentralized energy market.

11       The purpose of this Act is to establish performance-based  
12 regulation to motivate electric utility companies to meet the  
13 State's energy goals.

14       SECTION 2. Section 269-92, Hawaii Revised Statutes, is  
15 amended by amending subsection (a) to read as follows:



1        "(a) Each electric utility company that sells electricity  
2 for consumption in the State shall establish a renewable  
3 portfolio standard of:

4        (1) Ten per cent of its net electricity sales by December  
5                31, 2010;

6        (2) Fifteen per cent of its net electricity sales by  
7                December 31, 2015;

8        (3) Twenty-five per cent of its net electricity sales by  
9                December 31, 2020; [and]

10       (4) Forty per cent of its net electricity sales by  
11                December 31, 2030[-];

12       (5) Seventy per cent of its net electricity sales by  
13                December 31, 2035; and

14       (6) One hundred per cent of its net electricity sales by  
15                December 31, 2045."

16       SECTION 3. (a) Electric utility companies shall meet  
17 long-term end goals in accordance with the following performance  
18 criteria:

19       (1) Renewable portfolio standards in compliance with  
20                section 269-92, Hawaii Revised Statutes;



(2) Divestment of utility-owned generation to independent generators at a rate to achieve ninety per cent divestiture by 2050; provided that utility-owned generation shall not be divested to affiliated entities, including an independent generator that is an affiliated entity of the divesting utility;

(3) Equitable expansion of distributed generation to meet public demand;

(4) Programs and rate structures that provide ratepayers with control over their electricity costs; and

(5) Ratepayer cost reduction.

As used in this section, "affiliated entity" means any company, person, or other entity in the same corporate system as a parent or a member organization by virtue of common ownership, control, operation, or management.

(b) The public utilities commission shall adopt performance-based incentives and conditions to ensure regulated electric utility companies meet the long-term end goals set forth in subsection (a).



1       SECTION 4. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3       SECTION 5. This Act shall take effect on January 1, 2016.



**Report Title:**

Public Utilities Commission; Electric Utility Companies;  
Performance-Based Regulation

**Description:**

Establishes performance-based regulation of electric utility  
companies by the Public Utilities Commission. (HB1512 HD1)

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not legislation or evidence of legislative intent.*

