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## A BILL FOR AN ACT

RELATING TO ENERGY PLANNING.

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

1           SECTION 1. The legislature finds that the public utilities  
2 commission has engaged in a grid infrastructure planning  
3 process, more recently known as the power supply improvement  
4 plan, with a goal of taking the next steps to modernize the  
5 State's aging electric grid. The legislature also finds that  
6 the commission has worked vigorously to approve an acceptable  
7 plan that maximizes benefits and minimizes costs to consumers.  
8 The legislature recognizes, however, that the current planning  
9 process driven by a regulated utility is rife with conflicts of  
10 interest that pit the utility's interest in driving up costs in  
11 order to boost utility revenue against the interest of consumers  
12 in keeping costs low, as well as the utility's twentieth century  
13 business model against the State's overall interest in  
14 modernizing the grid with innovative technology.

15           The legislature further finds that because the utility in  
16 question currently proposes an initial power supply improvement  
17 plan, it can choose which technologies, projects, and



1 assumptions are built into the plan, thus excluding from  
2 consideration cheaper alternatives that could result in  
3 significant savings to ratepayers. These conflicts of interest  
4 have led the commission to reject the utility's power supply  
5 improvement plan numerous times; thus far, it has taken the  
6 utility six years to develop a five-year plan, which has yet to  
7 be approved as of January 2017. The conflicts of interest that  
8 have surfaced during this process have cost not only taxpayers,  
9 ratepayers, and stakeholders millions of dollars in time and  
10 consulting costs, but will also potentially cost the people of  
11 Hawaii tens or even hundreds of millions of dollars in  
12 additional project costs and lost savings because of delayed  
13 grid modernization upgrades.

14 The purpose of this Act is to minimize conflicts of  
15 interest in the grid planning process by using the appropriate  
16 data to establish a plan through an independent third party,  
17 after which all stakeholders may comment in a public hearing.

18 SECTION 2. Chapter 269, Hawaii Revised Statutes, is  
19 amended by adding a new section to part IX to be appropriately  
20 designated and to read as follows:



# H.B. NO. 1569

1        "§269-        Grid modernization plans; establishment; public  
 2 hearing. (a) The public utilities commission, when considering  
 3 short-, medium-, or long-term grid modernization plans of four  
 4 years or more, shall direct an independent third party to  
 5 establish an initial grid modernization plan that best meets the  
 6 objectives set forth by the commission. Subsequent to  
 7 establishment of the plan, stakeholders and other members of the  
 8 public shall be allowed to offer comments in a public hearing,  
 9 subject to further plan modification by the commission.

10        (b) A regulated utility subject to grid modernization  
 11 plans considered by the public utilities commission pursuant to  
 12 subsection (a) shall make available any requisite data and other  
 13 information deemed appropriate by the commission for the  
 14 purposes of establishing a grid modernization plan."

15        SECTION 3. New statutory material is underscored.

16        SECTION 4. This Act shall take effect on January 1, 2018.

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INTRODUCED BY:

*Sam White*      *Cindy Erma*      *[Signature]*  
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# H.B. NO. 1569

**Report Title:**

Public Utilities Commission; Energy Planning; Grid Modernization Plans

**Description:**

Requires the Public Utilities Commission, when considering certain types of grid modernization plans, to direct an independent third party to establish an initial grid modernization plan. Requires the Commission to allow public comments subject to further plan modification by the Commission.

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

