STAND. COM. REP. NO. 705

Honolulu, Hawaii February 15, 2017

RE: H.B. No. 1569 H.D. 1

Honorable Joseph M. Souki Speaker, House of Representatives Twenty-Ninth State Legislature Regular Session of 2017 State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 1569 entitled:

"A BILL FOR AN ACT RELATING TO ENERGY PLANNING,"

begs leave to report as follows:

The purpose of this measure is to minimize conflicts of interest in the grid planning process by requiring the Public Utilities Commission, in its consideration of certain types of grid modernization plans, to direct an independent third party to establish the initial grid modernization plan, after which all stakeholders may comment in a public hearing.

Two individuals supported this measure. Life of the Land and Blue Planet Foundation supported the intent of this measure. The Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs and Public Utilities Commission provided comments.

Your Committee notes the concerns raised by the Division of Consumer Advocacy regarding the difficulty of determining the liability of an entity for system events, such as blackouts, that may be attributed to a grid modernization plan that was developed by a third party. However, there are still avenues for recourse, since the Public Utilities Commission is authorized to investigate and determine the cause of system events and assess penalties on the appropriate party.



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Your Committee has amended this measure by:

- Requiring the Public Utilities Commission to open an investigative proceeding to examine the objectives, assumptions, and models of the grid modernization plan being considered before any plan is established; and
- (2) Applying this measure to all grid modernization planning processes begun after January 1, 2018.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1569, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1569, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

> Respectfully submitted on behalf of the members of the Committee on Energy & Environmental Protection,

CHRIS LEE, Chair



State of Hawaii House of Representatives The Twenty-ninth Legislature



Record of Votes of the Committee on Energy & Environmental Protection

| | Committee Referral: EEP, CPC | Date: | 27/1 | 1 | |
|---|--|---|---|----------------|--|
| θ The committee is reconsidering its previous decision on the measure. | | | | | |
| | amended (as is) P a ort form bill with HD to reco | ss, with amendments (mmit for future public | | | |
| EEP Members | Ayes | Ayes (WR) | Nays | Excused | |
| 1. LEE, Chris (C) | | | | | |
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| 2. LOWEN, Nicole E. (VC) | | | | | |
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| 3. CULLEN, Ty J.K. | | | | arige | |
| | FIELD LEADER | | 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. 1. | | |
| 4. EVANS, Cindy | | | | | |
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| 5. ICHIYAMA, Linda | | | | | |
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| 6. KONG, Sam Satoru | | | | | |
| 7. SAY, Calvin K.Y. | | | | | |
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| 8. YAMANE, Ryan I. | | | | | |
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| 9. FUKUMOTO, Beth | | <u></u> | and all an | | |
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| The recommendation is: β Adopted θ Not Adopted If joint referral, | | | | | |
| Vice Chair's or designee's signature: | tive E. | Lowen | | | |
| | Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO | | | | |