

ACT 266

H.B. NO. 2230-82

A Bill for an Act Relating to Electricity Generated From Nonfossil Fuels.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The legislature finds that maximization of the use of locally available nonfossil fuels is in the best interest of the State, but that such maximization will not be achieved until the value of such fuels to the public is recognized to be at least equal to the cost of fossil fuels to be displaced. Accordingly, such use should be encouraged to the greatest practicable extent.

SECTION 2. Section 269-27.2, Hawaii Revised Statutes, is amended to read

as follows:

**“§[[269-27.2[]] Utilization of electricity generated from nonfossil fuels.**

(a) The public utilities commission shall investigate and determine the extent to which electricity generated from nonfossil fuel sources is available to public utilities which supply electricity to the public, which electricity is in excess of that utilized or otherwise needed by the producers for their internal uses and which such producers are willing to make available to such public utilities.

(b) The public utilities commission may direct public utilities which supply electricity to the public to arrange for the acquisition of and to acquire such electricity generated from nonfossil fuel sources as is available from and which the producers of same are willing and able to make available to such public utilities, and to employ and dispatch such nonfossil fuel generated electricity in a manner consistent with the availability thereof to maximize the reduction in consumption of fossil fuels in the generation of electricity to be provided to the public.

(c) The rate payable by the public utility to the producer for such nonfossil fuel generated electricity supplied to the public utility shall be as agreed between the public utility and the supplier and as approved by the public utilities commission; provided, that in the event the public utility and the supplier fail to reach an agreement for such rate, such rate shall be as prescribed by the public utilities commission according to the powers and procedures provided in this chapter.

In the exercise of its authority to determine the just and reasonable rate for the nonfossil fuel generated electricity supplied to the public utility by the producer, the commission shall [give due consideration, among other factors, to the costs that the public utility would incur in the supply of electricity, to the need in the public interest of adequate and economical electric service by the public utility, and to the need of revenues sufficient to enable the producer of nonfossil fuel generated electricity to provide the electricity to the public utility.] establish that the rate for purchase of firm energy, as defined in section 6-74-1 of the rules established by the commission for standards for small power production and cogeneration, in effect as of February 18, 1982, shall not be less than one hundred per cent of the estimated avoided costs as defined by section 6-74-17, subject to section 6-74-23, of the aforementioned rules.

Nothing in this subsection shall affect existing contracts between public utilities and suppliers of nonfossil fuel generated electricity.”

SECTION 3. Statutory material to be repealed is bracketed. New material is underscored.

SECTION 4. This Act shall take effect upon its approval.

(Approved June 17, 1982.)