

JAN 19 2024

A BILL FOR AN ACT

RELATING TO THE PUBLIC UTILITIES COMMISSION.

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

1 SECTION 1. The legislature finds that Act 109, Session
2 Laws of Hawaii 2011, amended section 269-6, Hawaii Revised
3 Statutes, to require the public utilities commission to
4 explicitly consider the effect of the State's reliance on fossil
5 fuels in relation to certain factors, including greenhouse gas
6 emissions, in its determinations of the reasonableness of
7 various costs. When Act 109 was being considered, the members
8 of the committee on energy and environmental protection found
9 that "Hawaii is dangerously reliant on imported fossil fuel,
10 which subjects the State and residents to greater oil and gas
11 price volatility, increased air pollution, and potentially
12 harmful climate change due to the release of harmful greenhouse
13 gases." The committee also found that requiring the commission
14 to factor in the hidden and long-term costs of the State's
15 detrimental reliance on fossil fuels when exercising its
16 statutory authority would assist in reducing the State's
17 reliance on fossil fuels.



1 Accordingly, the purpose of this Act is to clarify that the
2 public utilities commission:

- 3 (1) Is required to consider the effect of the State's
4 reliance on fossil fuels on generation-based
5 greenhouse gas emissions; and
6 (2) May require a greenhouse gas emissions analysis for
7 certain energy projects.

8 SECTION 2. Section 269-6, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "**§269-6 General powers and duties.** (a) The public
11 utilities commission shall have the general supervision
12 hereinafter set forth over all public utilities, and shall
13 perform the duties and exercise the powers imposed or conferred
14 upon it by this chapter. Included among the general powers of
15 the public utilities commission is the authority to adopt rules
16 pursuant to chapter 91 necessary for the purposes of this
17 chapter.

18 (b) The public utilities commission shall consider the
19 need to reduce the State's reliance on fossil fuels through
20 energy efficiency and increased renewable energy generation in
21 exercising its authority and duties under this chapter. In



1 making determinations of the reasonableness of the costs
2 pertaining to electric or gas utility system capital
3 improvements and operations, the public utilities commission
4 shall explicitly consider, quantitatively or qualitatively, the
5 effect of the State's reliance on fossil fuels on:

- 6 (1) Price volatility;
- 7 (2) Export of funds for fuel imports;
- 8 (3) Fuel supply reliability risk; and
- 9 (4) [~~Greenhouse~~] Generation-based greenhouse gas
10 emissions[-]; provided that the public utilities
11 commission may require a greenhouse gas emissions
12 analysis for energy projects that do not result in
13 generation-based greenhouse gas emissions.

14 The public utilities commission may determine that short-term
15 costs or direct costs of renewable energy generation that are
16 higher than alternatives relying more heavily on fossil fuels
17 are reasonable, considering the impacts resulting from the use
18 of fossil fuels. The public utilities commission shall
19 determine whether [~~such~~] an analysis is necessary for
20 proceedings involving water, wastewater, or telecommunications
21 providers on an individual basis.



1 (c) The analysis described in subsection (b) shall not be
2 required for a utility's routine system replacements, such as
3 overhauls and overhead or underground line determinations, or
4 determinations that do not pertain to capital improvements or
5 operations, including but not limited to financing requests.

6 (d) In exercising its authority and duties under this
7 chapter, the public utilities commission shall consider the
8 costs and benefits of a diverse [~~fossil-fuel~~] portfolio of
9 energy resources and of maximizing the efficiency of all
10 electric utility assets to lower and stabilize the cost of
11 electricity. Nothing in this section shall subvert the
12 obligation of electric utilities to meet the renewable portfolio
13 standards set forth in section 269-92.

14 (e) The public utilities commission, in carrying out its
15 responsibilities under this chapter, shall consider whether the
16 implementation of one or more of the following economic
17 incentives or cost recovery mechanisms would be in the public
18 interest:

19 (1) The establishment of a shared cost savings incentive
20 mechanism designed to induce a public utility to



- 1 reduce energy costs and operating costs and accelerate
2 the implementation of energy cost reduction practices;
- 3 (2) The establishment of a renewable energy curtailment
4 mitigation incentive mechanism to encourage public
5 utilities to implement curtailment mitigation
6 practices when lower cost renewable energy is
7 available but not utilized through the sharing of
8 energy cost savings between the public utility,
9 ratepayer, and affected renewable energy projects;
- 10 (3) The establishment of a stranded cost recovery
11 mechanism to encourage the accelerated retirement of
12 an electric utility fossil fuel electric generation
13 plant by allowing an electric utility to recover the
14 stranded costs created by early retirement of a fossil
15 generation plant; and
- 16 (4) The establishment of differentiated authorized rates
17 of return on common equity to encourage increased
18 utility investments in transmission and distribution
19 infrastructure, discourage an electric utility
20 investment in fossil fuel electric generation plants



1 to incentivize grid modernization, and disincentivize
2 fossil generation, respectively.

3 (f) The chairperson of the public utilities commission may
4 appoint a hearings officer, who shall not be subject to
5 chapter 76, to hear and recommend decisions in any proceeding
6 before it other than a proceeding involving the rates or any
7 other matters covered in the tariffs filed by the public
8 utilities. The hearings officer shall have the power to take
9 testimony, make findings of fact and conclusions of law, and
10 recommend a decision; provided that the findings of fact, the
11 conclusions of law, and the recommended decision shall be
12 reviewed and may be approved by the public utilities commission
13 after notice to the parties and an opportunity to be heard. The
14 hearings officer shall have all of the above powers conferred
15 upon the public utilities commission under section 269-10."

16 SECTION 3. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.



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

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INTRODUCED BY: _____

A large, stylized handwritten signature in black ink is written over a horizontal line. The signature is cursive and appears to be the name of the person who introduced the bill.

S.B. NO. 2920

Report Title:

PUC; Renewable Energy; Greenhouse Gas Emissions

Description:

Clarifies that the Public Utilities Commission shall consider the effect of the State's reliance on fossil fuels on generation-based greenhouse gas emissions and may require a greenhouse gas emissions analysis for certain energy projects.

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