

Honolulu, Hawaii

FEB 14 2025

RE: S.B. No. 897
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committees on Energy and Intergovernmental Affairs and
Commerce and Consumer Protection, to which was referred S.B.
No. 897, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish the Wildfire Recovery Fund (Fund) to be administered by the Hawaii Electricity Reliability Administrator (Administrator);
- (2) Expand the powers and duties of the Administrator and clarify uses of the Hawaii Electricity Reliability Surcharge (Surcharge);
- (3) Require, rather than allow, the Public Utilities Commission (PUC) to contract for an Administrator and to establish a Surcharge; and
- (4) Specify additional qualifications of the Administrator.

Your Committees received testimony in opposition to this measure from Hawaiian Electric, Hawaii Association for Justice, and Life of the Land.



Your Committees received comments on this measure from the Department of the Attorney General, Department of Commerce and Consumer Affairs, Public Utilities Commission, and Ameresco.

Your Committees find that the impending retirement of many aging generating units in Hawaii makes it urgent to obtain replacement resources, without which the reliability of electric supplies in the State will be at risk. Your Committees also find that the development of clean energy resources is essential to achieve the State's policy to transition to renewable, non-carbon-emitting resources. Your Committees believe that successful procurement of clean energy resources is in the public interest and necessary to avoid significant detrimental reliability and affordability impacts to electric utility customers. This measure seeks to mitigate risk to the development of large-scale clean energy projects, and ensure electric service reliability as the State transitions into a clean energy economy by 2045.

Your Committees have heard concerns that the nature of the Fund established by this measure is not clear. Your Committees note that moneys in this Fund are intended only to be used to pay out liability claims. According to testimony received by your Committees, this measure will not assist with ensuring the financing and construction of certain procured projects because this measure only applies to projects procured by the Administrator in the future. Amendments to this measure are therefore necessary to address these issues.

Your Committees have amended this measure by:

- (1) Amending the name of the Wildfire Recovery Fund to the Wildfire Liability Trust Fund to clarify the nature and intent of the fund;
- (2) Inserting a definition for "low carbon fuels";
- (3) Deleting language that would have:
 - (A) Required the Administrator to collect and administer funds to be held for the benefit of independent power purchasers;



- (B) Allowed the PUC to direct the Administrator to utilize electricity generated from nonfossil fuels;
 - (C) Specified certain provisions for the PUC to direct the use of electricity generated from nonfossil fuels;
 - (D) Required that, before any default, the Surcharge collected shall be used exclusively to satisfy obligations to pay all accounts payable to independent power producers under power purchase agreements approved by the Public Utilities Commission; and
 - (E) Specified additional qualifications and duties of the Administrator;
- (4) Amending section 1 to reflect its amended purpose;
 - (5) Inserting an effective date of May 13, 2040, to encourage further discussion; and
 - (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

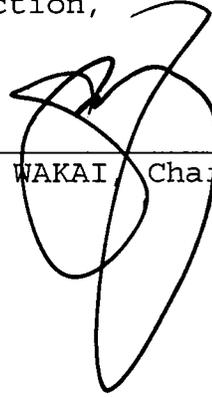
As affirmed by the records of votes of the members of your Committees on Energy and Intergovernmental Affairs and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 897, S.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 897, S.D. 2, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Energy and
Intergovernmental Affairs and
Commerce and Consumer
Protection,



JARRETT KEOHOKALOOLE, Chair



GLENN WAKAI, Chair



The Senate
 Thirty-Third Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB897 SD1	Committee Referral: EIG/CPN, WAM	Date: 2/11/25
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The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312 Pass, with amendments 2311 Hold 2310 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.				✓
RICHARDS, III, Herbert M. "Tim"	✓			
AWA, Brenton			✓	
TOTAL	3	0	1	1

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature:


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*Only one measure per Record of Votes