Honolulu, Hawaii

H.B. No. 2308 RE: H.D. 1

Honorable Calvin K.Y. Say Speaker, House of Representatives Twenty-Third State Legislature Regular Session of 2006 State of Hawaii

Sir:

Your Committees on Energy & Environmental Protection and Agriculture, to which was referred H.B. No. 2308 entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

beg leave to report as follows:

The purpose of this bill is to establish a framework of integrated measures to encourage and support market-based development of reliable, cost-effective, and self-sustaining energy systems.

Your Committees have narrowed and redirected the focus of the bill to include the following energy efficiency and sustainability measures:

- (1)Establishing a biofuel preference in Hawaii's procurement law for diesel and boiler fuel purchases;
- (2) Developing priority processing of state agency permits for renewable energy projects;
- Establishing renewable fuel standards for highway fuel (3) demand:
- Extending to December 31, 2009, the repeal date of section 237-27.1, Hawaii Revised Statutes, which provides an exemption for the sale of alcohol fuels from the imposition of general excise taxes;

HB2308 HD1 HSCR LRB 06-1731.doc



- (5) Establishing a public benefits fund to support demandside management and renewable energy programs;
- (6) Requiring a re-evaluation of utility fuel adjustment clauses:
- (7)Establishing a methodology of calculating a fixed price for renewable energy power or renewable fuel for power production;
- (8) Establishing incentives and penalties relating to renewable portfolio standard requirements;
- (9) Establishing the Hawaii renewable hydrogen program and the hydrogen investment capital special fund and appropriating funds therefor;
- (10) Clarifying the role of the director of business, economic development, and tourism as Hawaii's chief business advocate and state energy resources coordinator; and
- (11) Providing funding for an inventory of state lands available for renewable energy, assistance to the agricultural community for renewable energy development, a statewide multi-fuel biofuels production assessment, and assistance to state agencies in meeting energy efficiency goals for state facilities and vehicles

Accordingly, your Committees have amended this bill by:

- Deleting provisions pertaining to:
 - (A) The Fair Gasoline Price Law, chapters 486H and 486J, Hawaii Revised Statutes;
 - (B) Energy efficient and alternative fuel vehicles for state covered fleets;
 - (C) The issuing of special license plates for energy efficient and alternative fuel vehicles;
 - (D) Energy efficiency in state facilities and vehicles, including provisions related to design standards; the prevention of heat gain and cool air loss in

HB2308 HD1 HSCR LRB 06-1731.doc



certain residential facilities; solar water heating system installation; waste reduction, conservation increase, and pollution prevention; the use of life cycle cost-benefit analysis in purchasing energy efficient equipment; and transportation fuel;

- (E) The repeal of various provisions of chapter 196, Hawaii Revised Statutes, relating to energy resources for government agencies; and
- (F) The renewable energy tax credit sunset date and credit amounts;
- (2) Amending the definition of "biofuel" to clarify that non-petroleum sources include plant- and animal-based sources;
- (3) Authorizing, rather than requiring, the Public Utilities Commission to establish the public benefits fund;
- (4) Deleting from the public benefit fund language regarding the volumetric charge to customers to support demandside management and renewable energy programs and services that meet the requirements of Section 269-92, Hawaii Revised Statutes;
- (5) Deleting the proposed funding source section for the public benefits fund;
- (6) Requiring the proposed comprehensive inventory of state lands available for renewable energy to include an inventory of offshore areas available for renewable energy;
- (7) Adding renewable energy from other organic types of waste streams, such as municipal solid waste, to the types of renewable energy projects that may be developed by the agricultural community;
- (8) Amending the definition of "renewable energy" for purposes of the renewable portfolio standards law;
- (9) Amending the purpose clause of the bill to conform with the foregoing amendments; and



(10) Making technical, nonsubstantive amendments for purposes of clarity, style, and consistency.

As affirmed by the records of votes of the members of your Committees on Energy & Environmental Protection and Agriculture that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2308, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2308, H.D. 1, and be referred to the Committees on Consumer Protection & Commerce and Higher Education.

Respectfully submitted on behalf of the members of the Committees on Energy & Environmental Protection and Agriculture,

(Novuma Trouter

Jehne P. Abinsmy, Tr.
FELIPE P. ABINSAY, JR., Chair

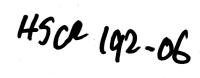
HERMINA MORITA, Chair

State of Hawaii House of Representatives The Twenty-third Legislature

Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: HB2308		Date:	Date: 2-7-06				
Committee Referral: EEP/AGR		☐ The committee is reconsidering its previous decision on the measure.					
The recommendation is to:			Pass, with amendments				
	□ Hold	□ Re	commit		T		
EEP Members		Ayes	Ayes (WR)	Nays	Excused		
1. MORITA, Hermina M.	(C)						
2. EVANS, Cindy (VC)							
3. BERG, Lyla B., Ph.D.		<u> </u>					
4. CARROLL, Mele							
5. HARBIN, Bev							
6. KANOHO, Ezra R.							
7. SCHATZ, Brian							
8. WATERS, Tommy							
9. PINE, Kymberly							
10. THIELEN, Cynthia							
	•						
					,		
TOTAL		Q			2		
The recommendation is:							
•							
	☐ Not Adopted						
If joint referral, did not support recommendation. committee acronym(s)							
Vice Chair's or designee's signature: Rep Circly Evans							
Distribution: Original (White) - Committee Duplicate (Yellow) - Clerk's Office							

State of Hawaii House of Representatives The Twenty-third Legislature



Record of Votes of the Committee on Agriculture

Bill/Resolution No.: 月月2308	Date:	mary	07, 20	206				
Committee Referral: EEP/AGD, CPC/HED, FIN	The committee is reconsidering its previous decision on the measure.							
The recommendation is to: Pass, unamended	Pa	Pass, with amendments						
☐ Hold	□ Re	commit						
AGR Members	Ayes	Ayes (WR)	Nays	Excused				
1. ABINSAY, Felipe P., Jr. (C)	V							
2. TSUJI, Clift (VC)								
3. CHANG, Jerry L.								
4. HERKES, Robert N.								
5. KARAMATSU, Jon Riki								
6. MAGAOAY, Michael Y. 7. WAKAI, Glenn								
7. WAKAI, Glenn8. YAMASHITA, Kyle T.	1:							
9. HALFORD, Chris								
10. STONEBRAKER, Bud								
101 51 51 122 1111221, 244								
				e d				
			1000	·				
TOTAL	7			3				
The recommendation is:								
☐ Not Adopted								
If joint referral,		did not suppo	ort recommendation	n.				
committee acronym(s)								
Vice Chair's or designee's signature:								
Distribution: Original (White) – Committee Duplicate (Yellow) – Clerk's Office								