STAND. COM. REP. NO. 2462

Honolulu, Hawaii

FCB 17

, 2006

RE:

S.B. No. 3162

S.D. 1

Honorable Robert Bunda
President of the Senate
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committees on Energy, Environment, and International Affairs and Commerce, Consumer Protection, and Housing, to which was referred S.B. No. 3162 entitled:

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

beg leave to report as follows:

The purpose of this measure is to enhance the State's renewable energy and conservation measures by:

- (1) Requiring the Public Utilities Commission to establish a renewable energy credits trading program;
- (2) Requiring the Department of Business, Economic Development, and Tourism to determine the feasibility of Hawaii becoming a member of the Chicago climate exchange; and
- (3) Creating a renewable energy credits trading program advisory committee.

Your Committees received testimony in support of this measure from Honolulu Seawater Air Conditioning LLC, Power Light Solar Electric Systems, Hawaii Solar Energy Association, Conservation Council for Hawaii, and Hawaii Renewable Energy Alliance. Comments were received from the Department of Business, Economic Development, and Tourism, Public Utilities Commission, and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs.

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The Chicago Climate Exchange is the first major attempt in the United States to establish a market for reducing greenhouse gas emissions. Also known as "carbon trading," the climate exchange offers energy companies, manufacturers, and governments that reduce their emissions of carbon dioxide and other greenhouse gases the opportunity to make money while protecting the environment. Funded by grants from the Chicago-based Joyce Foundation and administered by Northwestern University's Kellogg Graduate School of Management, the goal of the exchange is to implement a voluntary pilot program for trading greenhouse gases in North America, to be later expanded to include international sources.

A number of companies have already participated in bilateral trades of greenhouse-gas emissions. Carbon-trading transactions have already surpassed \$100,000,000, according to the exchange. Economists believe that annual trading volume could eventually run into the tens of billions of dollars.

Your Committees find that there is a need to establish a renewable energy credits trading program in Hawaii, both to enable the State to participate in the Chicago climate exchange and to ensure compliance with the State's renewable portfolio standards, which require a certain proportion of electricity sold by each supplier in Hawaii to come from renewable sources.

Your Committees have amended this measure by making technical, nonsubstantive amendments for clarity and style.

As affirmed by the records of votes of the members of your Committees on Energy, Environment, and International Affairs and Commerce, Consumer Protection, and Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3162, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3162, S.D. 1, and be referred to the Committee on Ways and Means.

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Respectfully submitted on behalf of the members of the Committees on Energy, Environment, and International Affairs and Commerce, Consumer Protection, and Housing,

RON MENOR, Chair

Protection, and Housing,

The Senate Twenty-Third Legislature State of Hawaii

Record of Votes of the Committee on Energy, Environment and International Affairs (Bills and Resolutions)

Measure:*	Committee Referral:			Date:				
SB 3162	EIA/CPH, WAM			February 16, 2006				
The committee is reconsidering its previous decision on this measure.								
If so, then the previous decision was to:								
The Recommendation is to:								
Pass, unamended Pass, with amendments Hold Recommit (2312) (2311) (2310) (2313)								
Members		Ayes	Ayes(WR)	Nays	Excused		
ENGLISH, J. Kalani (C)								
KOKUBUN, Russell S. (VC)						· · · · · · · · · · · · · · · · · · ·		
HANABUSA, Colleen								
HOOSER, Gary L.								
HEMMINGS, Fred								
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TOTAL		4				l		
Recommendation: Adopted Not Adopted								
Chair's or Designee's Signature: Russells. Kohl								
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy								

^{*}Do <u>not</u> list more than one measure per Record of Votes.

The Senate Twenty-Third Legislature State of Hawaii

Record of Votes of the Committee on Commerce, Consumer Protection and Housing (Bills and Resolutions)

Measure:* Committee Referral: Date: SB 3162 EIA/CP+, war 3-16-06									
The committee is reconsidering its previous decision on this measure.									
If so, then the previous decision was to:									
The Recommendation is to:									
Pass, unamended Pass, with amendments Hold Recommit (2312) (2311) (2310) (2313)									
Members	Ayes	Ayes(WR)	Nays	Excused					
MENOR, Ron (C)	V								
BAKER, Rosalyn H. (VC)									
ESPERO, Will									
IGE, David Y.	V								
SAKAMOTO, Norman									
HOGUE, Bob	\ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \ \								
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TOTAL	5	_		1					
Recommendation: Adopted Not Adopted									
Chair's or Designee's Signature: Rosaly H Balle									
Distribution: Voliginal Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy									

^{*}Do not list more than one measure per Record of Votes.