S.B. NO. <sup>868</sup> S.D. 2

> п.D. 2 C.D. 1

# A BILL FOR AN ACT

RELATING TO ENERGY RESOURCES.

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

1 SECTION 1. The legislature finds that there is a need to 2 coordinate the development of the State's energy resources to 3 preserve energy security by increasing the use of indigenous 4 renewable energy and reducing the State's overdependence on oil. 5 The legislature also finds that energy data and analysis are 6 essential to energy planning, policy development, and energy 7 emergency preparedness and response. In recent years, energy 8 markets, resources, systems and technologies, the variety and 9 types of fuels, environmental standards and specifications of 10 fuels, and policies related to energy and fuels have all 11 undergone dramatic changes. Current and future transitional 12 trends are expected to continue to influence Hawaii's energy 13 situation. These events reveal a critical need to develop the 14 State's technical and analytic capabilities and understanding of 15 Hawaii's energy resources, markets, and systems for effective energy planning to achieve energy independence and increase the 16 17 State's energy security.





The legislature also finds that the director of business,
 economic development, and tourism, who serves as the state
 energy resources coordinator pursuant to section 196-3, Hawaii
 Revised Statutes, is responsible for coordinating the
 development of the State's energy resources, policies, programs,
 and plans.

7 The energy data and analytic functions of the state energy 8 resources coordinator are statutorily distinct from, and not 9 redundant to other agencies' functions. The public utilities 10 commission, for example, functions as a state watchdog, focusing 11 primarily on monitoring petroleum prices and industry profits.

12 The legislature, in Act 182, Session Laws of Hawaii 2007, 13 explicitly acknowledged the difference between the department of 14 business, economic development, and tourism's energy analysis 15 role and the public utilities commission's role to conduct analysis with a focus on petroleum prices and petroleum industry 16 17 profits. The statute directed the department of business, 18 economic development, and tourism to use this data to effectuate 19 the purposes of chapters 125C and 196, Hawaii Revised Statutes, 20 and other relevant laws. The legislature recognized that the use and analysis of energy and fuels data remains critical to 21 22 virtually all of the department of business, economic



development, and tourism's statutory energy program functional
 requirements.

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3 It is essential and appropriate to include within chapter 4 196, Hawaii Revised Statutes, that the department of business, 5 economic development, and tourism shall be responsible for 6 developing and ensuring the achievement of the State's energy 7 policies, programs, and plans.

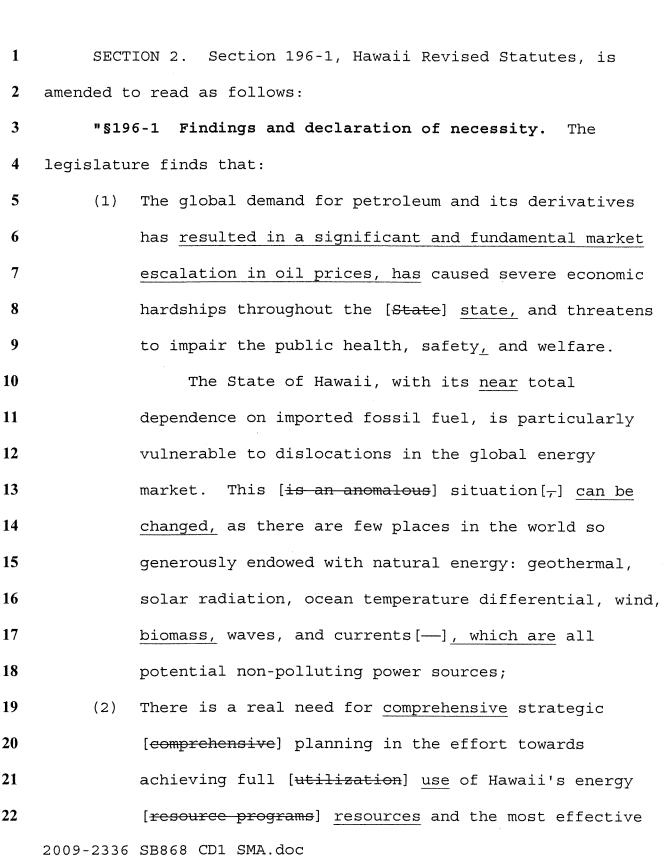
8 Therefore, the legislature finds that it is necessary to9 amend chapter 196, Hawaii Revised Statutes, to:

10 (1) Update certain definitions for clarity, taking into
11 account the changes in the State's energy resources,
12 markets, and systems;

13 (2) Establish definitive policy guidance needed on the 14 nature and relationship of energy data analyses to the State's energy program, and to clearly delineate 15 distinctive analytic roles and responsibilities of 16 17 state agencies conducting energy data functions; and 18 (3) Provide the statutory basis for a systematic state 19 energy analytic capacity and capability, which is 20 essential to support the energy resources 21 coordinator's role.



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1	allocation of energy resources throughout the [ <del>State.</del> ]
2	state. Planning is necessary and desirable in order
3	that the State may recognize and declare the major
4	problems and opportunities in the field of energy
5	resources. Both short-range and long-range planning
6	will permit the articulation of:
7	(A) Broad policies, goals, and objectives;
8	(B) Criteria for measuring and evaluating
9	accomplishments of objectives;
10	(C) Identification and implementation of programs
11	that will carry out such objectives; and
12	(D) A determination of requirements necessary for the
13	optimum development of Hawaii's energy resources.
14	Such planning efforts will identify present conditions
15	and major problems relating to energy resources, their
16	exploration, development, production, and
17	distribution. It will show the projected nature of
18	the situation and rate of change [and] _ present
19	conditions for the foreseeable future based on a
20	projection of current trends in the development of
21	energy resources in Hawaii[+], and include initiatives
22	designed to fundamentally change how Hawaii consumes



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1		energy by accelerating the production of renewable and
2		alternative energy, increasing energy efficiency,
3		developing and adopting new technologies, and ensuring
4		the State's energy security;
5	(3)	The State requires an in-depth understanding of the
6		causes and effects of any transitional issues and
7		trends related to changes in the State's energy
8		resources, systems, and markets;
9	[ <del>(3)</del> ]	(4) There are many agencies of the federal, state,
10		and county governments in Hawaii, as well as many
11		private agencies $[\tau]$ and a broad set of non-
12		governmental entities, engaged in, or expressing an
13		interest in, various aspects of the exploration,
14		research, distribution, transportation, storage,
15		conservation, and production of all forms of energy
16		resources in Hawaii. Some of these agencies include
17		the University of Hawaii $[\tau]$ ; the department of land
18		and natural resources $[\tau]$ ; the department of business,
19		economic development, and tourism $[\tau]$ ; the division of
20		consumer advocacy $[\tau]$ ; the public utilities commission;
21		the state civil defense agency; the federal energy
22		office $[\tau]_{j}$ and various county agencies, as well as



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1		[the oil companies, gas stations, and other private
2		enterprises;] Hawaii's energy and energy-related
3		companies; and
4	[ <del>(4)</del> ]	(5) There is [immediate] an ongoing need in this
5		state to coordinate the efforts of [all these
6		agencies,] statewide industry and government energy
7		interests; maintain the technical capability and
8		adequate capacity to quantitatively and qualitatively
9		evaluate, analyze, develop, and coordinate
10		implementation of private and public sector energy
11		planning efforts; recommend market-based policies to
12		develop Hawaii's energy resources, systems, and
13		markets; establish and coordinate programs to preserve
14		and protect the State's energy security, maintain a
15		robust energy emergency preparedness program, and
16		effectuate the conservation of [ <del>fuel,</del> ] <u>energy</u>
17		resources to provide for the equitable distribution
18		thereof $[-,]_{\underline{i}}$ and to formulate plans for the development
19		and use of alternative energy sources. There is a
20		need for [ <del>such</del> ] coordination <u>, capability, and</u>
21		capacity, so that there will be maximum conservation



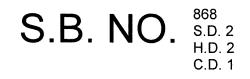
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1	and [ <del>utilization</del> ] <u>use</u> of energy resources in the
2	[ <del>State.</del> ] <u>state.</u> "
3	SECTION 3. Section 196-2, Hawaii Revised Statutes, is
4	amended as follows:
5	1. By adding five new definitions to be appropriately
6	inserted and to read:
7	"Commission" means the public utilities commission.
8	"Distributor" means:
9	(1) Every person who refines, manufactures, produces, or
10	compounds fuel in the state and sells it at wholesale
11	or retail, or who uses it directly in the manufacture
12	of products or for the generation of power;
13	(2) Every person who imports or causes to be imported into
14	the state, or exports or causes to be exported from
15	the state, any fuel;
16	(3) Every person who acquires fuel through exchanges with
17	another distributor; and
18	(4) Every person who purchases fuel for resale at
19	wholesale or retail rates from any person described in
20	paragraph (1), (2), or (3).
21	"Electricity" means all electrical energy produced by
22	combustion of any fuel, or generated or produced using wind, the

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1	sun, geothermal heat, ocean water, falling water, currents, and
2	waves, or any other source.
3	"Energy" means work or heat that is, or may be, produced
4	from any fuel or source whatsoever.
5	"Fuel" means fuels, whether liquid, solid, or gaseous,
6	commercially usable for energy needs, power generation, and
7	fuels manufacture, that may be manufactured, grown, produced, or
8	imported into the state or that may be exported therefrom,
9	including petroleum and petroleum products and gases to include
10	all fossil fuel-based gases, coal tar, vegetable ferments,
11	biomass, municipal solid waste, biofuels, hydrogen, agricultural
12	products used as fuels and as feedstock to produce fuels, and
13	all fuel_alcohols."
14	2. By amending the definition of "energy resources" to
15	read:
16	""Energy resources" means [and includes fossil fuel,
17	nuclear, geothermal, solar, hydropower, wind, and other means of
18	generating energy.] fuel, and also includes all electrical or
19	thermal energy produced by combustion of any fuel, or generated
20	or produced using wind, the sun, geothermal heat, ocean water,
21	falling water, currents, waves, or any other source."

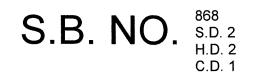


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1 Section 196-4, Hawaii Revised Statutes, is SECTION 4. 2 amended to read as follows: 3 "§196-4 Powers and duties. Subject to the approval of the 4 governor, the coordinator shall: 5 (1) Formulate plans, including objectives, criteria to 6 measure accomplishment of objectives, programs through 7 which the objectives are to be attained, and financial 8 requirements for the optimum development of Hawaii's 9 energy resources; 10 (2)Conduct systematic analysis of existing and proposed 11 energy resource programs, evaluate the analysis 12 conducted by government agencies and other 13 organizations and recommend to the governor and to the 14 legislature programs [which] that represent the most effective allocation of resources for the development 15 of energy [sources;] resources; 16 17 (3) Formulate and recommend specific proposals, as necessary, for conserving energy [and fuel,] 18 19 resources, including the allocation and distribution 20 thereof, to the governor and to the legislature; 21 Assist public and private agencies in implementing (4) 22 energy conservation and related measures;

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1	(5)	Coordinate the State's energy conservation and
2		allocation programs with that of the federal
3		government, other state governments, governments of
4		nations with interest in common energy resources, and
5		the political subdivisions of the State;
6	(6)	Develop programs to encourage private and public
7		exploration and research of alternative energy
8		resources [ <del>which</del> ] that will benefit the [ <del>State;</del> ]
9		state;
10	(7)	Conduct public education programs to inform the public
11		of the energy <u>resources</u> situation, as <u>it</u> may exist,
12		from time to time and of the government actions taken
13		[thereto];
14	(8)	Serve as consultant to the governor, public agencies $\underline{\prime}$
15		and private industry on matters related to the
16		acquisition, [ <del>utilization</del> ] <u>use,</u> and conservation of
17		energy resources;
18	(9)	Contract for services when required for the
19		implementation of this chapter;
20	(10)	Review proposed state actions [ <del>which</del> ] that the
21		coordinator finds to have significant effect on energy
22		[consumption] resources and report to the governor



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1		their effect on the energy conservation program, and
2		perform such other services as may be required by the
3		governor and the legislature;
4	(11)	Prepare and submit an annual report and [ <del>such</del> ] other
5		reports as may be requested to the governor and to the
6		legislature on the implementation of this chapter and
7		all matters related to energy resources; [and]
8	(12)	Adopt rules for the administration of this chapter
9		pursuant to chapter 91[ $_{ au}$ ]; provided that the rules
10		shall be submitted to the legislature for review[ $\pm$ ] $_{\underline{i}}$
11		and
12	(13)	Develop and maintain a comprehensive and systematic
13		quantitative and qualitative capacity to analyze the
14		status of energy resources, systems, and markets, both
15		in-state and those to which Hawaii is directly tied,
16		particularly in relation to the State's economy, and
17		to recommend, develop proposals for, and assess the
18		effectiveness of policy and regulatory decisions, and
19		conduct energy emergency planning."
20	SECT	ION 5. Section 196-6, Hawaii Revised Statutes, is
	·	

21 amended to read as follows:



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1	"[ <del>[</del> ]§196-6[ <del>]</del> ] Energy efficient storage hot water heaters.
2	(a) No new storage hot water heater which is not certified as
3	meeting the energy efficiency standards of the American Society
4	of Heating, Refrigerating and Air Conditioning Engineers, Inc.,
5	as set forth as the current ASHRAE 90 Standard, shall be sold or
6	installed in the [ <del>State</del> ] <u>state</u> after June 1, 1985; provided,
7	however, that nothing contained herein shall prevent sales from
8	being made in the [ <del>State</del> ] state for use outside the [ <del>State.</del> ]
9	state. [Upon May 18, 1984, no retail seller or distributor
10	shall increase their inventory of storage hot water heaters
11	which are not certified as being in compliance with the current
12	ASHRAE 90 Standard, and all storage hot water heaters sold after
13	June 1, 1985, shall be certified by the manufacturer, or the
14	retailer, or both, as being in compliance with the current
15	ASHRAE 90 Standard.
16	(b) Within ninety days after May 18, 1984, the energy
17	resources coordinator or its successor entity shall notify, in
18	writing, all retail sellers and distributors of storage hot
19	water heaters doing business in this State, of the provisions of
20	this section.
21	<del>(c) Any</del> ] <u>(b) Any</u> violation of subsection (a) shall be a
22	misdemeanor; provided a fine of not less than \$50 nor more than





1	\$500 shall be imposed, and all fines shall be imposed
2	consecutively. Each storage hot water heater sold in violation
3	of this section shall constitute a separate offense."
4	SECTION 6. Statutory material to be repealed is bracketed
5	and stricken. New statutory material is underscored.
6	SECTION 7. This Act shall take effect on July 1, 2009.



#### Report Title:

Energy Resources; Power Generation Utilities, Transportation Fuels; State Energy Resources Coordinator

#### Description:

Addresses deficiencies in Hawaii's energy resources coordination statutes. Provides policy guidance to ensure adequate detail on the nature and relationship of the energy data analysis functions of the state energy resources coordinator and energy program. (CD1)

