

JAN 25 2012

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# A BILL FOR AN ACT

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RELATING TO RENEWABLE ENERGY.

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

1       SECTION 1. The legislature finds that it is a role of  
2 government to identify state resources that should be used to  
3 provide economic development for the citizens of the State. The  
4 legislature further finds that the increased use of renewable  
5 energy creates a conflict of interest for public utilities that  
6 distribute electricity and also own facilities that generate  
7 electricity using fossil fuels. Replacing firm power fossil  
8 fuel-based electricity generation facilities with firm power  
9 facilities that use renewable sources to generate electricity  
10 would impact the overall size and profitability of certain  
11 investor-owned public utilities. However, these public  
12 utilities can adapt to Hawaii's changing energy needs and build  
13 renewable energy power plants to replace existing fossil fuel-  
14 based power plants. Further, these public utilities can adjust  
15 their strategy to acknowledge that their future success in  
16 Hawaii depends on their ability to be effective smart-grid  
17 managers and operators.



1       The legislature also finds that public utilities that  
2   supply electricity initiate and control the request for proposal  
3   process that adds demand capacity. This process initiates the  
4   demand in Hawaii's energy market and, in essence, becomes the  
5   State's energy plan. The legislature finds that the public  
6   utilities commission must take a more active role in the  
7   planning process by ensuring that electric utilities' integrated  
8   resource plans include plans to replace existing plants that  
9   generate electricity using fossil fuels.

10       The legislature finds that the State's focus on electricity  
11   generation must be on commercially available, Hawaii-based  
12   resources and technologies. Geothermal, waste-to-energy, and  
13   hydroelectric renewable electricity generation resources and  
14   technologies are commercially available. Ocean thermal energy  
15   conversion, wave energy, and biofuels based energy, while  
16   innovative, remain in a research-and-development phase or a  
17   demonstration phase and are not commercially available at this  
18   time or in the near future.

19       The purpose of this Act is to direct public utilities that  
20   supply electricity to expedite the development of geothermal  
21   resources and other indigenous renewable resources for the  
22   production of electricity.



1           SECTION 2.   (a)   The public utilities commission shall  
2   direct public utilities that provide electricity to the public  
3   to include in their integrated resource plans the replacement of  
4   firm power fossil fuel-based electricity generation facilities  
5   with indigenous firm power facilities that use renewable sources  
6   to generate electricity.

7           (b)   The public utilities commission shall direct public  
8   utilities that supply electricity to the public to prioritize  
9   the following when developing their integrated resource plans:

10          (1)   Developing facilities that generate electricity using  
11                geothermal steam on existing geothermal subzones to  
12                replace or mitigate the use of fossil fuel-based  
13                electricity generation facilities;

14          (2)   Modifying existing power purchase agreements with  
15                independent power producers that contain avoided cost  
16                provisions from the existing contract to a replacement  
17                power purchase agreement that eliminates any avoided  
18                cost provision, but allows the expansion of capacity  
19                or purchased power to a term acceptable by all  
20                parties, as approved by the public utilities  
21                commission;



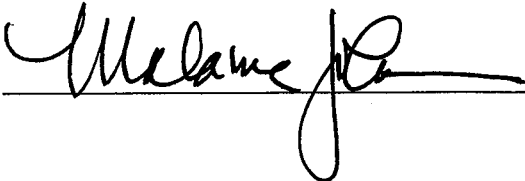
- 1           (3)   Developing waste-to-energy electricity generation  
2                facilities to replace or mitigate the use of fossil  
3                fuel-based electricity generation facilities;  
4           (4)   Coordinating efforts with the state energy  
5                coordinator, the board of land and natural resources,  
6                and the University of Hawaii to establish new  
7                geothermal subzones for development; provided that  
8                state land shall be given priority over private land  
9                for subzone designation and development; and  
10          (5)   Replacing all existing fossil fuel-based electricity  
11                generation facilities on a given island and developing  
12                excess firm or intermittent electricity for  
13                transmission to other islands, including plans to  
14                develop undersea electricity transmission cables to  
15                support transmission and distribution of electricity  
16                between the islands.

17          SECTION 3.   The public utilities commission shall submit a  
18   report to the legislature not later than twenty days prior to  
19   the convening of the 2013 regular session on the actions taken  
20   by the commission to effectuate this Act.   The report shall  
21   include findings, recommendations, and any proposed legislation  
22   necessary to further the purposes of this Act.



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

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INTRODUCED BY: 



# S.B. NO. 2981

**Report Title:**

Public Utilities Commission; Development of Renewable Energy Sources

**Description:**

Requires the PUC to direct electric utilities to place special emphasis on utilizing renewable energy sources when crafting integrated resource plans.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

