THE SENATE
TWENTY-SIXTH LEGISLATURE, 2012
STATE OF HAWAII

S.B. NO. 2981 S.D. 2 H.D. 2

A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

SECTION 1. The legislature finds that the future success of electric utilities in Hawaii depends on the electric utilities' ability to adapt to and incorporate new technologies, and integrate, operate, and manage the high penetration of renewable energy generation on an evolving electricity grid system. Currently, electric utilities must carry out integrated resource planning: the process overseen by the public utilities commission by which each electric utility lays out the specific steps necessary to meet energy objectives and customer energy needs consistent with state energy policies and goals, while also providing safe and reliable utility service at a reasonable cost. This planning effort determines the timing and type of new electricity generation capacity introduced to the electric grid. Consequently, the electric utilities' resource planning process is a critical component in the State's overall energy planning process and a key part of the electric utilities' efforts to meet the mandates of Hawaii's renewable portfolio standards law. The State's focus on renewable electricity

generation must be based on technically sound, commercially available, and cost-effective resources.

The legislature also finds that the State's focus on renewable electricity generation must recognize each island's unique endowment of resources and potential contributions to Hawaii's clean energy future.

The purpose of this Act is to allow the public utilities commission to direct electric utilities to include specific scenarios in each utility's integrated resource planning action plan to help the State achieve its clean energy goals, including the utilization of firm, indigenous renewable resources and the transmission of excess firm or intermittent renewable energy via an undersea electricity transmission cable.

SECTION 2. (a) The public utilities commission may direct electric utilities to include the following scenarios as part of their integrated resource plans:

(1) The replacement of existing fossil fuel-based electricity generation plants with facilities that generate technically sound, commercially proven, cost-effective firm power from indigenous renewable energy resources, such as electricity produced using geothermal resources; and

(2) The development of excess firm or intermittent electricity to be transmitted between islands, including plans to develop an undersea electricity transmission cable to support transmission of electricity between the islands.

(b) The public utilities commission may direct electric utilities to consider the following resource options as part of their integrated resource plans:

(1) Hydrogen and other available energy storage technologies used as a source of stored energy to stabilize the grid when necessary; and

(2) Electricity generated by waste-to-energy facilities to serve as a fuel source.

(c) The public utilities commission may develop a framework for the replacement of oil-based power generation facilities with indigenous renewable power generation facilities. The framework may consider the following:

(1) Incentives for replacing fossil fuel facilities;

(2) Disincentives for retaining fully depreciated oil-based fossil fuel facilities;

(3) Elimination of the market driven bidding process and authorization for the electric utility company to

enter into joint ventures with renewable energy providers under utility proposals that replace fossil fuel facilities; and

(4) Other frameworks that expedite the replacement of existing oil-based power generation facilities with indigenous renewable clean energy power generation facilities.

(d) The public utilities commission shall examine:

(1) Its avoided cost calculation methodology;

(2) Ways to maximize the use of distributed generation, including an examination of the appropriateness of current circuit penetration threshold levels for the interconnection of distributed generation resources;

(3) Ways to minimize the curtailment of renewable energy; and

(4) Ways to modernize the State's electrical grid.

SECTION 3. The public utilities commission shall include actions taken, findings, recommendations, and any proposed legislation necessary to further the purposes of this Act in its 2013 and 2014 annual reports to the governor, prepared pursuant to section 269-5, Hawaii Revised Statutes.

SECTION 4. This Act shall take effect on July 1, 3000.

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Report Title:
Public Utilities Commission; Electric Utilities; Integrated Resource Planning; Development of Renewable Energy Sources

Description:
Allows the public utilities commission to direct electric utilities to include specific scenarios and resource options as part of their integrated resource plans, to develop a framework to replace oil-based power generation facilities, and to examine certain policies related to the distribution of renewable energy. Effective July 1, 3000. (SB2981 HD2)

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