S.B. NO. ²¹⁹⁹ S.D. 1 H D 1

H.D. 1 PROPOSED

A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

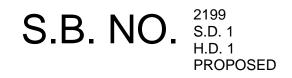
BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that Hawaii's dependency
 on imported fuel drains our economy of billions of dollars each
 year. A stronger local economy depends on a transition away
 from imported fuels and toward renewable local resources that
 provide a secure source of affordable energy.

6 The legislature further finds that alternative energy
7 technologies have advanced significantly in recent years leading
8 to an explosion of new markets, jobs, and local energy sources.
9 Due to these and other advances, Hawaii is currently ahead of
10 its timeline in reaching its goal of becoming forty per cent
11 renewable by 2030.

12 The legislature also finds that Hawaii is in a period of 13 energy transition, with many long-term agreements soon to be 14 executed for new forms of imported fuels that may act as 15 temporary "bridge" fuels until local sources of renewable energy 16 can be developed.

17 The purpose of this Act is to update and extend Hawaii's 18 clean energy initiative and renewable portfolio standards to SB2199 HD1 PROPOSED.doc



1	ensure maximum long-term benefit to Hawaii's economy by setting			
2	a goal to be one hundred per cent renewable by 2050, provided			
3	that extending the renewable portfolio standard goals and			
4	transition to energy independence beyond 70 per cent in 2030			
5	shall be undertaken in a manner that benefits Hawaii's economy			
6	and all electric customers, maintains customer affordability,			
7	and does not induce renewable energy developers to artificially			
8	increase the price of renewable energy in Hawaii. This target			
9	will ensure that Hawaii moves beyond its dependence on imported			
10	fuels and continues to grow a local renewable energy industry.			
11	SECTION 2. Section 269-92, Hawaii Revised Statutes, is			
12	amended as follows:			
13	1. By amending subsection (a) to read:			
14	"(a) Each electric utility company that sells electricity			
15	for consumption in the State shall establish a renewable			
16	portfolio standard of:			
17	(1) Ten per cent of its net electricity sales by December			
18	31, 2010;			
19	(2) Fifteen per cent of its net electricity sales by			
20	December 31, 2015;			
21	(3) Twenty-five per cent of its net electricity sales by			
22	December 31, 2020; [and]			



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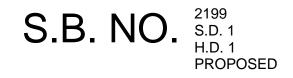
1	(4)	Forty per cent of its net electricity sales by
2		December 31, 2030[-] <u>;</u>
3	(5)	Seventy per cent of its net electricity sales by
4		December 31, 2040; and
5	(6)	One hundred per cent of its net electricity sales by
6		<u>December 31, 2050.</u> "
7	2.	By amending subsection (d) to read:
8	"(d)	Events or circumstances that are outside of an
9	electric	utility company's reasonable control may include, to
10	the exten	t the event or circumstance could not be reasonably
11	foreseen a	and ameliorated:
12	(1)	Weather-related damage;
13	(2)	Natural disasters;
14	(3)	Mechanical or resource failure;
15	(4)	Failure of renewable electrical energy producers to
16		meet contractual obligations to the electric utility
17		company;
18	(5)	Labor strikes or lockouts;
19	(6)	Actions of governmental authorities that adversely
20		affect the generation, transmission, or distribution
21		of renewable electrical energy under contract to an
22		electric utility company;





1	(7)	Inability to acquire sufficient renewable electrical
2		energy due to lapsing of tax credits related to
3		renewable energy development;
4	(8)	Inability to obtain permits or land use approvals for
5		renewable electrical energy projects;
6	(9)	Inability to acquire sufficient cost-effective
7		renewable electrical energy;
8	(10)	Inability to acquire sufficient renewable electrical
9		energy to meet the 2040 and 2050 renewable portfolio
10		standard goals in a manner that is beneficial to
11		Hawaii's economy in relation to comparable fossil fuel
12		resources;
13	[(10)]	(11) Substantial limitations, restrictions, or
14		prohibitions on utility renewable electrical energy
15		projects; and
16	[(11)]	(12) Other events and circumstances of a similar
17		nature."
18	SECT	ION 3. Section 269-95, Hawaii Revised Statutes, is
19	amended to	o read as follows:
20	"§26	9-95 Renewable portfolio standards study. The public
21	utilities	commission shall:





1	(1)	By December 31, 2007, develop and implement a utility				
2		ratemaking structure, which may include performance-				
3		based ratemaking, to provide incentives that encourage				
4		Hawaii's electric utility companies to use cost-				
5		effective renewable energy resources found in Hawaii				
6		to meet the renewable portfolio standards established				
7		in section 269-92, while allowing for deviation from				
8		the standards in the event that the standards cannot				
9		be met in a cost-effective manner or as a result of				
10		events or circumstances, such as described in section				
11		269-92(d), beyond the control of the utility that				
12		could not have been reasonably anticipated or				
13		ameliorated;				
14	(2)	Gather, review, and analyze empirical data to:				
15		(A) Determine the extent to which any proposed				
16		utility ratemaking structure would impact				
17		electric utility companies' profit margins; and				
18		(B) Ensure that the electric utility companies'				
19		opportunity to earn a fair rate of return is not				
20		diminished;				
21	(3)	Use funds from the public utilities special fund to				
22		contract with the Hawaii natural energy institute of				

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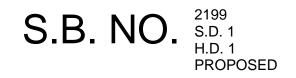
1	the Unive	rsity of Hawaii to conduct independent		
2	studies to be reviewed by a panel of experts from			
3	entities such as the United States Department of			
4	Energy, N	ational Renewable Energy Laboratory, Electric		
5	Power Research Institute, Hawaii electric utility			
6	companies, environmental groups, and other similar			
7	institutions with the required expertise. These			
8	studies shall include findings and recommendations			
9	regarding	:		
10	(A) The	capability of Hawaii's electric utility		
11	comp	anies to achieve renewable portfolio		
12	stan	dards in a cost-effective manner and shall		
13	asse	ss factors such as:		
14	(i)	The impact on consumer rates;		
15	(ii)	Utility system reliability and stability;		
16	(iii)	Costs and availability of appropriate		
17		renewable energy resources and		
18		technologies[$+$], including the impact of		
19		renewable energy portfolio standards, if		
20		any, on the energy prices offered by		
21		renewable energy developers;		
22	(iv)	Permitting approvals;		



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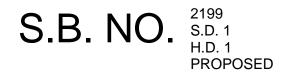
1		(v)	Effects on the economy;
2		(vi)	Balance of trade, culture, community,
3			environment, land, and water;
4		(vii)	Climate change policies;
5		(viii)	Demographics; and
6		(ix)	Other factors deemed appropriate by the
7			commission; and
8		(B) Proj	ected renewable portfolio standards to be set
9		five	and ten years beyond the then current
10		stan	dards;
11	(4)	Evaluate	the renewable portfolio standards every five
12		years, be	ginning in 2013, and may revise the standards
13		based on	the best information available at the time to
14		determine	if the standards established by section 269-
15		92 remain	effective and achievable; and
16	(5)	Report it	s findings and revisions to the renewable
17		portfolio	standards, based on its own studies and
18		other inf	ormation to the legislature no later than
19		twenty da	ys before the convening of the regular
20		session o	f 2014, and every five years thereafter."





- 1 SECTION 4. Statutory material to be repealed is bracketed
- 2 and stricken. New statutory material is underscored.
- **3** SECTION 5. This Act shall take effect on July 1, 2050.





Report Title:

Clean Energy Initiative; Renewable Portfolio Standards

Description:

Sets renewable portfolio standard goals of 70 per cent by 2040 and 100 per cent by 2050, unless acquisition of renewable energy is not beneficial to Hawaii's economy. Requires Public Utilities Commission report on cost-effectiveness of these standards to also address their impact on renewable energy developer energy prices. Effective July 1, 2050. (SB2199 HD1)

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

