

STAND. COM. REP. NO. 490

Honolulu, Hawaii

FEB 20 2015

RE: S.B. No. 1172  
S.D. 1

Honorable Donna Mercado Kim  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2015  
State of Hawaii

Madam:

Your Committees on Energy and Environment and Commerce and  
Consumer Protection, to which was referred S.B. No. 1172 entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish an energy storage tax credit for energy storage properties that primarily supply utility customers with electricity for site-specific needs or serve the entire electric system; provided that the energy storage properties are advanced, grid-interactive systems capable of and actively participating in utility demand response programs, providing ancillary services, and serving as a resource to the electric system;
- (2) Require a taxpayer to obtain certification from the Department of Business, Economic Development, and Tourism to qualify for the energy storage tax credit; and
- (3) Require the Department of Business, Economic Development, and Tourism to conduct a study pertaining to the energy storage tax credit and submit a joint report, in collaboration with the Department of Taxation, to the Legislature.



Your Committees received testimony in support of this measure from the Hawaii Renewable Energy Alliance; Hawaii Solar Energy Association; Ulupono Initiative; Blue Planet Foundation; Environmental Caucus of the Democratic Party of Hawaii; Stem, Inc.; Hawaiian Electric Companies; and one individual. Your Committees received comments on this measure from the Department of Business, Economic Development, and Tourism; Department of Taxation; Department of Commerce and Consumer Affairs Division of Consumer Advocacy; and Tax Foundation of Hawaii.

Your Committees find that excess energy generated from renewable resources is often wasted and as a result, the State continues to rely upon fossil fuels. Energy storage is a key component of a modern, smart electrical grid and can help to maximize the use of indigenous renewable energy. Implementation of this measure will foster a sustainable local renewable energy industry responsible for creating jobs, catalyzing statewide energy savings, improving our environment, and reducing greenhouse gas emissions.

Your Committees have amended this measure by:

- (1) Amending the deadline by which an energy storage property must be installed and first placed in service for a taxpayer to be eligible for an energy storage tax credit from after December 31, 2015, to anytime in 2015;
- (2) Amending the deadline by which an energy storage property must first be placed in service for a taxpayer to be eligible for a thirty percent tax credit from after December 31, 2015, to anytime in 2015;
- (3) Eliminating the tax credit for battery storage projects providing significant energy storage capacity;
- (4) Eliminating the requirement that a taxpayer provide written evidence that the energy storage project continues to directly support the ability of the electric system to accept and use renewable energy and the requirement that the Department of Business, Economic Development, and Tourism rescind the certification of a taxpayer who fails to provide such written evidence;

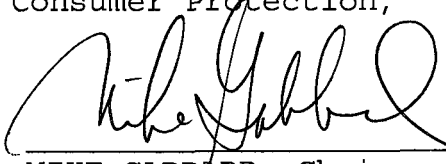


- (5) Inserting language to provide electric utilities with flexibility pertaining to the timing and amount of stored energy that is used for demand response, ancillary services, advanced energy storage, and grid supportive functions in order to maintain grid reliability;
- (6) Inserting a defective date of July 1, 2050, to encourage further discussion; and
- (7) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1172, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1172, S.D. 1, and be referred to the Committee on Ways and Means.

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

  
\_\_\_\_\_  
ROSALYN H. BAKER, Chair

  
\_\_\_\_\_  
MIKE GABBARD, Chair



The Senate  
Twenty-Eighth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Energy and Environment**  
**ENE**

Bill / Resolution No.:* <div style="font-size: 1.2em; font-family: cursive;">SB1172</div>	Committee Referral: <div style="font-size: 1.2em; font-family: cursive;">ENE/CPU, WAM</div>	Date: <div style="font-size: 1.2em; font-family: cursive;">2/19/15</div>		
<div><input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____</div>				
The Recommendation is: <div style="display: flex; justify-content: space-between; align-items: flex-start;"><div><input type="checkbox"/> Pass, unamended 2312</div><div><input checked="" type="checkbox"/> Pass, with amendments 2311</div><div><input type="checkbox"/> Hold 2310</div><div><input type="checkbox"/> Recommit 2313</div></div>				
Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	✓			
GREEN, Josh (VC)				✓
GALUTERIA, Brickwood	✓			
IHARA, Jr., Les				✓
SLOM, Sam	✓			
<b>TOTAL</b>	3			2
Recommendation: <div style="display: flex; justify-content: space-around; align-items: center;"><div><input checked="" type="checkbox"/> Adopted</div><div><input type="checkbox"/> Not Adopted</div></div>				
Chair's or Designee's Signature: <div style="font-size: 1.5em; font-family: cursive; margin-top: 10px;">[Signature]</div>				
Distribution: <div style="display: flex; justify-content: space-between; font-size: 0.8em; margin-top: 5px;"><div>Original File with Committee Report</div><div>Yellow Clerk's Office</div><div>Pink Drafting Agency</div><div>Goldenrod Committee File Copy</div></div>				

\*Only one measure per Record of Votes

The Senate  
Twenty-Eighth Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:* <b>SB 1172</b>	Committee Referral: <b>ENE/CPN, WAM</b>	Date: <b>2/19/2015</b>		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <div style="display: flex; justify-content: space-between;"> <span><input type="checkbox"/> Pass, unamended 2312</span> <span><input checked="" type="checkbox"/> Pass, with amendments 2311</span> <span><input type="checkbox"/> Hold 2310</span> <span><input type="checkbox"/> Recommit 2313</span> </div>				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
TANIGUCHI, Brian T. (VC)	✓			
KAHELE, Gilbert				✓
KIDANI, Michelle N.				✓
NISHIHARA, Clarence K.				✓
WAKAI, Glenn	✓			
SLOM, Sam	✓			
<b>TOTAL</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>3</b>
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
<div style="display: flex; justify-content: space-between; font-size: small;"> <span><b>Distribution:</b></span> <span>Original File with Committee Report</span> <span>Yellow Clerk's Office</span> <span>Pink Drafting Agency</span> <span>Goldenrod Committee File Copy</span> </div>				

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