
A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

1 SECTION 1. The legislature finds that Hawaii's energy
2 sector is undergoing a transition to renewable energy that is
3 strengthening the State's economy, environment, and security.
4 To complete this transition successfully, it is also important
5 that all relevant entities are aligned. Along these lines, the
6 legislature is concerned that requiring electric utilities, but
7 not gas utilities, to increase their reliance on renewable
8 energy creates an unfair playing field that may unintentionally
9 harm consumers by promoting suboptimal long-lived investments in
10 fossil fuels through gas-fired distributed electrical
11 generation. These effects may also have near- and long-term
12 impacts on the viability of the State's electric utilities, and
13 near- and long-term impacts on the viability of the State's gas
14 utilities.

15 The legislature believes that the simplest, fairest, and
16 most effective solution to this concern is to implement
17 renewable portfolio standard targets for gas utilities that



1 mirror those being achieved by electric utilities. However, the
2 legislature is unsure about the feasibility of implementing such
3 targets for gas utilities.

4 The purpose of this Act is to:

- 5 (1) Require the public utilities commission to contract
6 with the Hawaii natural energy institute of the
7 University of Hawaii to study the feasibility of
8 establishing renewable portfolio standards for gas
9 utility companies in Hawaii; and
- 10 (2) Appropriate funds to the public utilities commission
11 for the study.

12 SECTION 2. Section 269-95, Hawaii Revised Statutes, is
13 amended to read as follows:

14 "**§269-95 Renewable portfolio standards study.** The public
15 utilities commission shall:

- 16 (1) By December 31, 2007, develop and implement a utility
17 ratemaking structure, which may include performance-
18 based ratemaking, to provide incentives that encourage
19 Hawaii's electric utility companies to use cost-
20 effective renewable energy resources found in Hawaii
21 to meet the renewable portfolio standards established



1 in section 269-92, while allowing for deviation from
2 the standards in the event that the standards cannot
3 be met in a cost-effective manner or as a result of
4 events or circumstances, such as described in section
5 269-92(d), beyond the control of the electric utility
6 company that could not have been reasonably
7 anticipated or ameliorated;

8 (2) Gather, review, and analyze empirical data to:

9 (A) Determine the extent to which any proposed
10 utility ratemaking structure would impact
11 electric utility companies' profit margins; and

12 (B) Ensure that the electric utility companies'
13 opportunity to earn a fair rate of return is not
14 diminished;

15 (3) Use funds from the public utilities special fund to
16 contract with the Hawaii natural energy institute of
17 the University of Hawaii to conduct independent
18 studies to be reviewed by a panel of experts from
19 entities such as the United States Department of
20 Energy, National Renewable Energy Laboratory, Electric
21 Power Research Institute, Hawaii electric utility



1 companies, environmental groups, and other similar
2 institutions with the required expertise. These
3 studies shall include findings and recommendations
4 regarding:

- 5 (A) The capability of Hawaii's electric utility
6 companies to achieve renewable portfolio
7 standards in a cost-effective manner and shall
8 assess factors such as:
- 9 (i) The impact on consumer rates;
 - 10 (ii) Utility system reliability and stability;
 - 11 (iii) Costs and availability of appropriate
12 renewable energy resources and technologies,
13 including the impact of renewable portfolio
14 standards, if any, on the energy prices
15 offered by renewable energy developers;
 - 16 (iv) Permitting approvals;
 - 17 (v) Effects on the economy;
 - 18 (vi) Balance of trade, culture, community,
19 environment, land, and water;
 - 20 (vii) Climate change policies;
 - 21 (viii) Demographics;



- 1 (ix) Cost of fossil fuel volatility; and
- 2 (x) Other factors deemed appropriate by the
- 3 commission; [~~and~~]
- 4 (B) Projected renewable portfolio standards to be set
- 5 five and ten years beyond the then current
- 6 standards; and
- 7 (C) The technical feasibility of establishing
- 8 renewable portfolio standards for gas utility
- 9 companies in Hawaii, including:
- 10 (i) Identifying renewable alternatives, such as
- 11 the procurement and importation of biogas;
- 12 and
- 13 (ii) Recommendations for interim renewable
- 14 targets before one hundred per cent
- 15 renewable gas is achieved by December 31,
- 16 2045;
- 17 (4) Evaluate the renewable portfolio standards every five
- 18 years, beginning in 2013, and may revise the standards
- 19 based on the best information available at the time to
- 20 determine if the standards established by section
- 21 269-92 remain effective and achievable; and



1 (5) Report its findings and revisions to the renewable
2 portfolio standards, based on its own studies and
3 other information, to the legislature no later than
4 twenty days before the convening of the regular
5 session of 2014, and every five years thereafter."

6 SECTION 3. There is appropriated out of the general
7 revenues of the State of Hawaii the sum of \$ or so
8 much thereof as may be necessary for fiscal year 2018-2019 for
9 the public utilities commission to contract with the Hawaii
10 natural energy institute of the University of Hawaii to conduct
11 a study on the technical feasibility of establishing renewable
12 portfolio standards for gas utility companies in Hawaii.

13 The sum appropriated shall be expended by the public
14 utilities commission for the purposes of this Act.

15 SECTION 4. The public utilities commission shall submit a
16 preliminary study of the technical feasibility of establishing
17 renewable portfolio standards for gas utilities in Hawaii, as
18 required pursuant to section 269-95(3)(C), Hawaii Revised
19 Statutes, to the legislature no later than twenty days before
20 the convening of the regular session of 2019. The public
21 utilities commission shall submit a final study of the technical



1 feasibility of establishing renewable portfolio standards for
2 gas utilities in Hawaii, as required pursuant to section
3 269-95(3)(C), Hawaii Revised Statutes, to the legislature no
4 later than twenty days before the convening of the regular
5 session of 2020.

6 SECTION 5. Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION 6. This Act shall take effect on January 28, 2045.



Report Title:

Public Utilities Commission; Renewable Portfolio Standard; Gas Utilities; Study; Appropriation

Description:

Requires the public utilities commission to study the technical feasibility of establishing renewable portfolio standards for gas utility companies in Hawaii. Requires reports to the legislature. Appropriates funds. Takes effect on 1/28/2045.
(SD1)

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