

---

---

## A BILL FOR AN ACT

RELATING TO THE PUBLIC UTILITIES COMMISSION.

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

1           SECTION 1. The legislature finds that the use of hydraulic  
2 fracturing in the United States has prompted valid environmental  
3 concerns. Hydraulic fracturing, commonly known as fracking, is  
4 the process of drilling into the earth so that a high-pressure  
5 liquid mixture can be directed at the subterranean rock to open  
6 fissures and release oil or gas. The legislature finds that  
7 hydraulic fracturing can cause earth tremors, contaminate  
8 groundwater, and release large amounts of greenhouse gases into  
9 the global atmosphere.

10           The legislature is concerned that an increasing proportion  
11 of the imported fossil fuels that gas utility companies use in  
12 the State comes from sources that use hydraulic fracturing. The  
13 legislature believes that due to the impact that fossil fuels  
14 have on the global environment, the State should make efforts to  
15 curb the use of fossil fuels, especially when they are derived  
16 from hydraulic fracturing.

17           Accordingly, the purpose of this Act is to require:



- 1           (1) The public utilities commission to:
- 2                   (A) Conduct a study regarding hydraulic fracturing;
- 3                           and
- 4                   (B) Establish limits, beginning on January 1, 2020,
- 5                           on the amounts of fossil fuels derived from
- 6                           hydraulic fracturing that gas utility companies
- 7                           may use as feedstock for gas distributed to end
- 8                           users within the State; and
- 9           (2) Any gas utility company that intends to use imported
- 10                   fossil fuel within the State on or after January 1,
- 11                   2020, to first submit an application that shall be
- 12                   approved or denied after a public hearing.

13           SECTION 2. (a) The public utilities commission shall

14           conduct a study regarding hydraulic fracturing. For the

15           purposes of the study, the commission shall:

- 16                   (1) Review the environmental impact of hydraulic
- 17                           fracturing;
- 18                   (2) Investigate and determine the feasibility of limiting
- 19                           the use of fossil fuels that are derived from
- 20                           hydraulic fracturing by gas utility companies
- 21                           operating in the State;



1           (3) Establish limits, effective January 1, 2020, on the  
2           amounts of fossil fuels derived from hydraulic  
3           fracturing that gas utility companies operating in the  
4           State may use as feedstock for gas distributed to end  
5           users within the State, expressed as percentages of  
6           the total amounts of all energy sources the gas  
7           utility companies operating in the State use as  
8           feedstock for gas distributed to end users within the  
9           State; and

10          (4) Make any relevant recommendations regarding  
11          legislation relevant for the purposes of this Act.

12          (b) Before the completion of the study, the public  
13          utilities commission shall hold public hearings to gather input  
14          from the public and interested parties on the feasibility of  
15          limiting the use of fossil fuels that are derived from hydraulic  
16          fracturing by gas utility companies operating in the State.

17          (c) The public utilities commission shall submit a report  
18          on its study to the legislature no later than twenty days before  
19          the convening of the regular session of 2019.

20          (d) For purposes of this section:



1 "Feedstock" means a material that is converted, consumed,  
2 or blended to produce an end use product.

3 "Hydraulic fracturing" means the injection of liquid into a  
4 subterranean rock formation or borehole at high pressure for the  
5 purpose of opening existing fissures to extract oil or gas.

6 SECTION 3. Chapter 269, Hawaii Revised Statutes, is  
7 amended by adding two new sections to part I to be appropriately  
8 designated and to read as follows:

9 "§269- Gas utility companies; fossil fuels derived from  
10 hydraulic fracturing; limits. (a) The public utilities  
11 commission shall establish limits on the amounts of fossil fuels  
12 derived from hydraulic fracturing that gas utility companies  
13 operating in the State may use as feedstock for gas distributed  
14 to end users within the State. Established limits shall be  
15 expressed as percentages of the total amounts of all energy  
16 sources the gas utility companies use as feedstock for gas  
17 distributed to end users within the State.

18 (b) The initial limits described in subsection (a) shall  
19 be the limits established pursuant to the feasibility study  
20 commissioned by Act , Session Laws of Hawaii 2018, and shall  
21 be effective January 1, 2020.



1        (c) The public utilities commission may adopt rules in  
2 accordance with chapter 91 to amend the limits described in  
3 subsection (a).

4        (d) For purposes of this section, "hydraulic fracturing"  
5 means the injection of liquid into a subterranean rock formation  
6 or borehole at high pressure for the purpose of opening existing  
7 fissures to extract oil or gas.

8        §269-        Gas utility companies; imported fossil fuels;  
9 application; hearing. Beginning January 1, 2020, before a gas  
10 utility company operating in the State may use imported fossil  
11 fuel as feedstock for gas distributed to end users within the  
12 State, the gas utility shall first submit an application to the  
13 public utilities commission. The quantities and types of fossil  
14 fuels to be used and the time period over which the fuels are to  
15 be used shall be stated in the application. The public  
16 utilities commission shall conduct a public hearing before  
17 approving or denying the application. Notice of the hearing  
18 shall be given in the manner provided in section 269-16 for  
19 notice of public hearings."



1 SECTION 4. Section 269-1, Hawaii Revised Statutes, is  
2 amended by adding a new definition to be appropriately inserted  
3 and to read as follows:

4 "Feedstock" means a material that is converted, consumed,  
5 or blended to produce an end use product."

6 SECTION 5. Section 269-45, Hawaii Revised Statutes, is  
7 amended by amending subsection (b) to read as follows:

8 "(b) For the purposes of this section:

9 "Department" means the department of business, economic  
10 development, and tourism.

11 [~~"Feedstock" means a material that is converted, consumed,~~  
12 ~~or blended to produce an end use product.]~~

13 "Non-petroleum feedstock" includes but is not limited to  
14 plant and animal fats and oils, algae and algae products, other  
15 organic material, organic waste, municipal solid waste, waste  
16 water, or sewage.

17 "Total feedstock" means petroleum and non-petroleum  
18 feedstock combined."

19 SECTION 6. Statutory material to be repealed is bracketed  
20 and stricken. New statutory material is underscored.

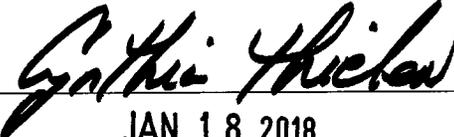


# H.B. NO. 1837

1 SECTION 7. This Act shall take effect on July 1, 2018.

2

INTRODUCED BY:

  
JAN 18 2018



# H.B. NO. 1837

**Report Title:**

Gas Utility Companies; Fossil Fuels; Hydraulic Fracturing

**Description:**

Requires the Public Utilities Commission to conduct a study regarding hydraulic fracturing and establish limits on the amounts of fossil fuels derived from hydraulic fracturing that gas utility companies may use. Requires gas utility companies that use imported fossil fuels to comply with an application and public hearing process.

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

