A BILL FOR AN ACT

RELATING TO STATE ENERGY AGENCIES.

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

1 SECTION 1. The legislature finds that energy composes 2 approximately one-eighth of Hawaii's overall economy. Electric 3 bills for public facilities and public transportation services 4 exceeds \$400,000,000 annually. Management and direction of the 5 energy sector of our economy is becoming an increasingly complex 6 and critically important job. According to Hawaii's utilities, 7 successfully achieving one hundred per cent renewable 8 electricity by 2045 is expected to save nearly \$6,000,000,000. 9 Additionally, electric vehicles are already cheaper to operate 10 than traditional gas-powered vehicles. Transitioning to clean 11 transportation will save residents billions of dollars. Climate 12 change is expected to cost the State at least \$19,000,000,000 in 13 losses from sea level rise alone, making the switch to renewable 14 energy and the ultimate reduction of atmospheric carbon a 15 priority. The State must also handle the need for island 16 resiliency; rapid increase and economic viability of renewable **17** and distributed energy resources; the digitization,

- 1 democratization, and inter-connectivity of infrastructure; and
- 2 the electrification and automation of transportation. These
- 3 complex realities reveal the need for a state agency responsible
- 4 for assisting the transition to a clean energy economy to meet
- 5 Hawaii's climate and cost-of-living goals.
- 6 The legislature further finds that efforts taken by the
- 7 universities, public schools, executive departments, and other
- 8 government entities have already begun to save taxpayer money by
- 9 reducing the government's electricity costs. However, those
- 10 efforts lack statewide coordination, preventing economies of
- 11 scale to maximize savings. While some departments have made
- 12 substantial progress, others have yet to commence meaningful
- 13 activities. Tasking a single agency to plan for energy savings
- 14 measures across all public facilities and assist government
- 15 entities already working to reduce energy costs is a necessary
- 16 step to maximize taxpayer savings.
- 17 The legislature further finds that although the state
- 18 energy office is tasked with the responsibility of overseeing
- 19 one-eighth of Hawaii's economy, which impacts every business and
- 20 household, the state energy office lacks an enabling statute, a
- 21 mission, formal guidance, and reporting accountability.

1	Additionally,	appointment	of	the	head	of	the	state	energy

- 2 office, the Hawaii state energy office administrator, is exempt
- 3 from the standard senate confirmation process required for the
- 4 majority of other agency heads.
- 5 The purpose of this Act is to establish in statute an
- 6 energy agency with a clear mission, established guidance,
- 7 transparent reporting, and accountable leadership that will
- 8 assist both the public and private sectors in achieving the
- 9 State's energy goals. More specifically, this Act:
- 10 (1) Establishes the office of clean energy within the
- department of business, economic development, and
- 13 (2) Transfers the duties and responsibilities of the
- energy resources coordinator, which are currently
- assigned to the director of business, economic
- development, and tourism, to the director of the
- office of clean energy; and
- 18 (3) Transfers the functions of the state energy office to
- 19 the office of clean energy.

1	SECTION 2. Chapter 196, Hawaii Revised Statutes, is	
2	amended by adding a new part to be appropriately designated a	nd
3	to read as follows:	
4	"PART . OFFICE OF CLEAN ENERGY	
5	§196-A Office of clean energy; established. (a) There	is
6	established the office of clean energy, within the department	of
7	business, economic development, and tourism for administrative	e
8	purposes, to be responsible for advancing energy efficiency,	
9	renewable energy, and clean transportation to help achieve a	
10	resilient clean energy economy that sequesters more atmospher	ic
11	carbon and greenhouse gases than it produces as quickly as	
12	practicable, but no later than 2045.	
13	(b) The office of clean energy shall:	
14	(1) Provide analysis and planning to actively develop a	nd
15	inform policies to achieve clean energy goals and	
16	energy resiliency at the legislature, public utilit	ies
17	commission, and other relevant stakeholders;	
18	(2) Lead efforts to incorporate energy efficiency and	
19	renewable energy to reduce costs and achieve clean	
20	energy goals across all public facilities;	

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initiative.

1	(3)	Provide clean energy project deployment facilitation
2		to assist private sector project completion when
3		aligned with state clean energy goals; and
4	(4)	Engage the private sector to help lead efforts to
5		achieve clean energy goals through the Hawaii clean
6		energy initiative advisory board.
7	(c)	The office of clean energy shall be the State's
8	primary go	overnment entity for supporting the clean energy

- (d) No later than twenty days prior to the convening of
 each regular session, the office of clean energy shall submit a
 report to the legislature that includes:
- 13 (1) A description of the activities of the office of clean
 14 energy in response to the directives established
 15 pursuant to subsection (b) and section 196-B(d), along
 16 with the progress in meeting any of the office of
 17 clean energy goals established in or pursuant to this
 18 part;
- 19 (2) Progress by the State in meeting its clean energy goals; and
- 21 (3) Proposed legislation, if any.

- 1 §196-B Director of the office of clean energy; duties.
- 2 (a) The office of clean energy shall be led by the director of
- 3 the office of clean energy appointed by the governor, subject to
- 4 confirmation by the senate; provided that the term of the
- 5 director of the office of clean energy shall be coterminous with
- 6 the term of the governor. The director of the office of clean
- 7 energy shall report directly to the governor.
- 8 (b) The director of the office of clean energy shall have:
- 9 (1) Training or experience in the field of renewable
- 10 energy or other another related field;
- 11 (2) Expertise in policy, programs, or services related to
- renewable energy; and
- 13 (3) Experience in a supervisory or administrative
- 14 capacity.
- 15 (c) The director of the office of clean energy shall be
- 16 included in any benefit program generally applicable to officers
- 17 and employees of the State. The director of the office of clean
- 18 energy may hire staff as may be necessary in accordance with
- **19** chapter 76.
- 20 (d) Subject to the approval of the governor, the director
- 21 of the office of clean energy shall:

1	(1)	Formulate plans, objectives, criteria to measure
2		accomplishment of objectives, programs through which
3		the objectives are to be attained, and financial
4		requirements for the optimum development of Hawaii's
5		energy resources in a manner that achieves Hawaii's
6		clean energy goals;
7	(2)	Conduct systematic analysis of existing and proposed
8		energy resource programs, evaluate the analysis
9		conducted by government agencies and other
10		organizations, and recommend programs that represent
11		the most effective allocation of resources for the
12		development of energy resources in a manner that
13		achieves Hawaii's clean energy goals;
14	(3)	Formulate and recommend specific proposals, as
15		necessary, for conserving energy resources, including
16		the allocation and distribution thereof;
17	(4)	Assist public and private agencies in implementing
18		energy conservation and efficiency programs, the
19		development of indigenous energy resources, and
20		related measures;

1	(5)	Coordinate the State's energy programs with those of
2		the federal government, other state governments,
3		governments of nations with interest in common energy
4		resources, and the political subdivisions of the
5		State;
6	(6)	Develop programs to encourage private and public
7		exploration, research, and development of indigenous
8		energy resources that will benefit the State;
9	(7)	Conduct public education programs to inform the public
10		of the energy resources situation, as it may exist,
11		from time to time and of the government actions taken;
12	(8)	Serve as consultant to the governor, public agencies,
13		and private industry on energy-related matters;
14	(9)	Contract for services when required for the
15		implementation of this chapter;
16	(10)	Review proposed state actions that the director of the
17		office of clean energy finds to have significant
18		effect on the State's clean energy objectives and
19		report to the governor their effect on the energy
20		program, and perform other services as may be required
21		by the governor and the legislature:

•	(± ±)	repare and babare reports as requested by the
2		governor or the legislature;
3	(12)	Assist public and private agencies in identifying and
4		accessing data necessary to enable the development of
5		a competitive renewable energy market and technologies
6		in a manner that prioritizes resiliency and achieves
7		Hawaii's clean energy goals;
8	(13)	Assist public and private agencies in identifying
9		projects or infrastructure required to accommodate and
10		facilitate the development of renewable energy
11		resources in a manner that prioritizes resiliency and
12		achieves Hawaii's clean energy goals;
13	(14)	Assist public and private agencies, in coordination
14		with the department of budget and finance, in
15		accessing the use of special purpose revenue bonds to
16		finance the engineering, design, and construction of
17		transmission projects and infrastructure that are
18		deemed critical to the development of renewable energy
19		resources in a manner that prioritizes resiliency and
20		achieves Hawaii's clean energy goals;

1	(15)	Develop the criteria or requirements for identifying
2		and qualifying specific projects and infrastructure
3		that are critical to the development of renewable
4		energy resources, including providing assistance in
5		accessing the use of special purpose revenue bonds to
6		finance the projects or infrastructure;
7	(16)	Develop and maintain a comprehensive and systematic
8		quantitative and qualitative capacity to analyze the
9		status of energy resources, systems, and markets, both
10		in-state and those to which Hawaii is directly linked,
11		particularly in relation to the State's economy, and
12		to recommend, develop proposals for, and assess the
13		effectiveness of policy and regulatory decisions, and
14		conduct energy resiliency and emergency planning;
15	(17)	Engage the general public and consider feedback as
16		appropriate; and
17	(18)	Adopt rules, pursuant to chapter 91, necessary to
18		effectuate the purposes of this part."
19	SECT	ION 3. Section 196-1, Hawaii Revised Statutes, is
20	amended t	o read as follows:

1	"§19 <i>6</i>	-1 Findings and declaration of necessity. The
2	legislatur	re finds that:
3	(1)	The global demand for petroleum and its derivatives
4		has resulted in a significant and fundamental market
5		escalation in oil prices, has caused severe economic
6		hardships throughout the State, and threatens to
7		impair the public health, safety, and welfare.
8		The State of Hawaii, with its [near total]
9		significant dependence on imported fossil fuel, is
10		particularly vulnerable to dislocations in the global
11		energy market. This situation can be changed, as
12		there are few places in the world so generously
13		endowed with natural energy: geothermal, solar
14		radiation, ocean temperature differential, wind,
15		biomass, waves, and currents, [which] that are all
16		potential non-polluting power sources[+].
17		Renewable energy derived from these resources has
18		already begun to create new opportunities for jobs in
19		Hawaii and provide savings by avoiding the cost of
20		importing more expensive fossil fuels. The State is
21		also subject to the impacts of global climate change

1		caused by increasing atmospheric carbon and greenhouse
2		gas emissions that are contributing to rising sea
3		levels and loss of coastal lands and infrastructure,
4		ocean acidification and loss of coral reefs,
5		decreasing rainfall and fresh water resources,
6		increasing temperatures and invasive species, and
7		greater risk from hurricanes of higher intensity and
8		frequency.
9		It is therefore necessary to move beyond fossil-
10		fuel energy resources as quickly as is reasonably
11		practicable, while leveraging new jobs, opportunities,
12		and financing created by the potential to deploy
13		renewable energy and to sequester greenhouse gases and
14		atmospheric carbon, and achieve a resilient clean
15		energy economy that sequesters more atmospheric carbon
16		and greenhouse gas than it produces as quickly as
17		practicable, but no later than 2045;
18	(2)	There is a real need for comprehensive strategic
19		planning in the effort towards achieving full use of
20		Hawaii's energy resources and the most effective
21		allocation of energy resources throughout the State.

1	Planning is necessary and desirable in order that the
2	State may recognize and declare the major problems and
3	opportunities in the field of energy resources. Both
4	short-range and long-range planning will permit the
5	articulation of:
6	(A) Broad policies, goals, and objectives;
7	(B) Criteria for measuring and evaluating
8	accomplishments of objectives;
9	(C) Identification and implementation of programs
10	that will carry out [such] the objectives; and
11	(D) A determination of requirements necessary for the
12	optimum development of Hawaii's energy resources.
13	[Such] The planning efforts will identify present
14	conditions and major problems relating to energy
15	resources, their exploration, development, production,
16	and distribution. It will show the projected nature
17	of the situation and rate of change, present
18	conditions for the foreseeable future based on a
19	projection of current trends in the development of
20	energy resources in Hawaii, and include initiatives
21	designed to fundamentally change how Hawaii consumes

	energy by accelerating the production of renewable and
	alternative energy, increasing energy efficiency,
	developing and adopting new technologies, and ensuring
	the State's energy security;
(3)	The State requires an in-depth understanding of the
	causes and effects of any transitional issues and
	trends related to changes in the State's energy
	resources, systems, and markets;
(4)	There are many agencies of the federal, state, and
	county governments in Hawaii, as well as many private
	agencies and a broad set of [non-governmental]
	nongovernmental entities, engaged in, or expressing an
	interest in, various aspects of the exploration,
	research, distribution, transportation, storage,
	conservation, and production of all forms of energy
	resources in Hawaii. Some of these agencies include
	the University of Hawaii; the department of land and
	natural resources; the department of business,
	economic development, and tourism; the division of
	consumer advocacy; the public utilities commission;

the state emergency management agency; the federal

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1		energy office; and various county agencies, as well as
2		Hawaii's energy and energy-related companies; and
3	(5)	There is an ongoing need in this State to coordinate
4		the efforts of statewide industry and government
5		energy interests; maintain the technical capability
6		and adequate capacity to quantitatively and
7		qualitatively evaluate, analyze, develop, and
8		coordinate implementation of private and public sector
9		energy planning efforts; recommend market-based
10		policies to develop Hawaii's energy resources,
11		systems, and markets; establish and coordinate
12	s.	programs to preserve and protect the State's energy
13		security, maintain a robust energy emergency
14		preparedness program, and effectuate the conservation
15		of energy resources to provide for the equitable
16		distribution thereof; and to formulate plans for the
17		development and use of alternative energy sources.
18		There is a need for coordination, capability, and
19		capacity, so that there will be maximum conservation
20		and use of energy resources in the State."

1	SECTI	ION 4. Section 196-10, Hawaii Revised Statutes, is
2	amended to	read as follows:
3	" [-[] §	§196-10[] Hawaii renewable hydrogen program. There
4	is establi	ished, within the [department of business, economic
5	developmen	nt, and tourism, office of clean energy, a Hawaii
6	renewable	hydrogen program to manage the State's transition to a
7	renewable	hydrogen economy. The program shall design,
8	implement,	, and administer activities that include:
9	(1)	Strategic partnerships for the research, development,
10		testing, and deployment of renewable hydrogen
11		technologies;
12	(2)	Engineering and economic evaluations of Hawaii's
13		potential for renewable hydrogen use and near-term
14		project opportunities for the State's renewable energy
15		resources;
16	(3)	Electric grid reliability and security projects that
17		will enable the integration of a substantial increase
18		of electricity from renewable energy resources on the
19		island of Hawaii;

1	(4)	нуаг	ogen demonstration projects, including
2		infr	astructure for the production, storage, and
3		refu	eling of hydrogen vehicles;
4	(5)	A st	atewide hydrogen economy public education and
5		outr	each plan focusing on the island of Hawaii, to be
6		deve	loped in coordination with Hawaii's public
7		educ	ation institutions;
8	(6)	Prom	otion of Hawaii's renewable hydrogen resources to
9		pote	ntial partners and investors;
10	(7)	A pl	an, for implementation during the years 2007 to
11		2010	, to more fully deploy hydrogen technologies and
12	į,	infr	astructure capable of supporting the island of
13		Hawa	ii's energy needs, including:
14		(A)	Expanded installation of hydrogen production
15			facilities;
16		(B)	Development of integrated energy systems,
17			including hydrogen vehicles;
18		(C)	Construction of additional hydrogen refueling
19			stations; and
20		(D)	Promotion of building design and construction
21			that fully incorporates clean energy assets,

1	including reliance on hydrogen-fueled energy
2	generation;
3	(8) A plan, for implementation during the years 2010 to
4	2020, to transition the island of Hawaii to a
5	hydrogen-fueled economy and to extend the application
6	of the plan throughout the State; and
7	(9) Evaluation of policy recommendations to:
8	(A) Encourage the adoption of hydrogen-fueled
9	vehicles;
10	(B) Continually fund the hydrogen investment capital
11	special fund; and
12	(C) Support investment in hydrogen infrastructure,
13	including production, storage, and dispensing
14	facilities."
15	SECTION 5. Section 196-30, Hawaii Revised Statutes, is
16	amended by amending subsection (b) to read as follows:
17	"(b) Public buildings shall be retro-commissioned no less
18	often than every five years. The energy resources coordinator
19	shall establish retro-commissioning guidelines by January 1,
20	2010. The director of the office of clean energy shall update
21	the retro-commissioning guidelines as necessary."

1 SECTION 6. Section 304A-1891, Hawaii Revised Statutes, is 2 amended by amending subsection (b) to read as follows: 3 The director of the institute shall coordinate the 4 institute's work with the [energy resources coordinator] 5 director of the office of clean energy in carrying out duties 6 pursuant to section [196-4] 196-B in the area of research and 7 development of renewable energy sources." SECTION 7. Section 196-2, Hawaii Revised Statutes, is 8 9 amended by repealing the definition of "coordinator". [""Coordinator" means the energy resources coordinator."] 10 11 SECTION 8. Section 196-3, Hawaii Revised Statutes, is 12 repealed. ["\$196-3 Energy resources coordinator. The director of 13 14 business, economic development, and tourism shall serve as 15 energy resources coordinator."] 16 SECTION 9. Section 196-4, Hawaii Revised Statutes, is repealed. **17** ["§196-4 Powers and duties. Subject to the approval of 18

(1) Formulate plans, including objectives, criteria to

measure accomplishment of objectives, programs through

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the governor, the coordinator shall:

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1		which the objectives are to be attained, and financial
2		requirements for the optimum development of Hawaii's
3		energy resources;
4	(2)	Conduct systematic analysis of existing and proposed
5		energy resource programs, evaluate the analysis
6		conducted by government agencies and other
7		organizations and recommend programs that represent
8		the most effective allocation of resources for the
9		development of energy resources;
10	(3)	Formulate and recommend specific proposals, as
11		necessary, for conserving energy resources, including
12		the allocation and distribution thereof;
13	(4)	Assist public and private agencies in implementing
14		energy conservation and efficiency programs, the
15		development of indigenous energy resources, and
16		related measures;
17	(5)	Coordinate the State's energy programs with those of
18		the federal government, other state governments,
19		governments of nations with interest in common energy
20		resources, and the political subdivisions of the
21		State;

1	(6)	Develop programs to encourage private and public
2		exploration, research, and development of indigenous
3		energy resources that will benefit the State;
4	(7)	Conduct public education programs to inform the public
5		of the energy resources situation, as it may exist,
6		from time to time and of the government actions taken;
7	(8)	Serve as consultant to the governor, public agencies,
8		and private industry on energy-related matters;
9	(9)	Contract for services when required for the
10		implementation of this chapter;
11	(10)	Review proposed state actions that the coordinator
12		finds to have significant effect on the State's energy
13		objectives and report to the governor their effect on
14		the energy program, and perform other services as may
15		be required by the governor and the legislature;
16	(11)	Prepare and submit an annual report and other reports
17		as may be requested to the governor and to the
18		legislature on the implementation of this chapter and
19		all matters related to energy resources;
20	(12)	Formulate a systematic process, including the
21		development of requirements, to identify geographic



1		areas that are rich with renewable energy resource
2		potential that can be developed in a cost-effective
3		and environmentally benign manner and designate these
4		areas as renewable energy zones;
5	(13)	Develop and recommend incentives, plans, and programs
6		to encourage the development of renewable energy
7		resource projects within the renewable energy zones;
8	(14)	Assist public and private agencies in identifying
9		utility transmission projects or infrastructure
10		required to accommodate and facilitate the development
11		of renewable energy resources;
12	(15)	Assist public and private agencies, in coordination
13		with the department of budget and finance, in
14		accessing the use of special purpose revenue bonds to
15		finance the engineering, design, and construction of
16		transmission projects and infrastructure that are
17		deemed critical to the development of renewable energy
18		resources;
19	(16)	Develop the criteria or requirements for identifying
20		and qualifying specific transmission projects and
21		infrastructure that are critical to the development of

1		renewable energy resources, including providing
2		assistance in accessing the use of special purpose
3		revenue bonds to finance the projects or
4		infrastructure;
5	(17)	Develop and maintain a comprehensive and systematic
6		quantitative and qualitative capacity to analyze the
7		status of energy resources, systems, and markets, both
8		in-state and those to which Hawaii is directly tied,
9		particularly in relation to the State's economy, and
10		to recommend, develop proposals for, and assess the
11		effectiveness of policy and regulatory decisions, and
12		conduct energy emergency planning; and
13	(18)	Adopt rules for the administration of this chapter
14		pursuant to chapter 91."]
15	SECT	TION 10. Sections 76-16, 107-22, and 304A-1959, Hawaii
16	Revised S	tatutes, are amended by substituting the term "office
17	of clean	energy" wherever the term "state energy office" or
18	"Hawaii s	tate energy office" appears, as the context requires.
19	SECT	TION 11. Sections 125C-22, 125C-23, 125C-31, 141-9,
20	196-5, 19	6-6.5, 196-11, 196-30(a), 196-63, 206M-23, 286-172,
21	304A-1892	, and 304A-1894.1, Hawaii Revised Statutes, are amended

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- 1 by substituting the term "director of the office of clean
- 2 energy" wherever the term "state energy resources coordinator",
- 3 "energy resources coordinator", "coordinator", or "energy
- 4 program administrator of the department" appears, as the context
- 5 requires.
- 6 SECTION 12. All rights, powers, functions, and duties of
- 7 the state energy office are transferred to the office of clean
- 8 energy.
- 9 All employees who occupy civil service positions and whose
- 10 functions are transferred to the office of clean energy by this
- 11 Act shall retain their civil service status, whether permanent
- 12 or temporary. Employees shall be transferred without loss of
- 13 salary, seniority (except as prescribed by applicable collective
- 14 bargaining agreements), retention points, prior service credit,
- 15 any vacation and sick leave credits previously earned, and other
- 16 rights, benefits, and privileges, in accordance with state
- 17 personnel laws and this Act; provided that the employees possess
- 18 the minimum qualifications and public employment requirements
- 19 for the class or position to which transferred or appointed, as
- 20 applicable; provided further that subsequent changes in status

- 1 may be made pursuant to applicable civil service and
- 2 compensation laws.
- 3 Any employee who, prior to this Act, is exempt from civil
- 4 service and is transferred as a consequence of this Act may
- 5 retain the employee's exempt status, but shall not be appointed
- 6 to a civil service position as a consequence of this Act. An
- 7 exempt employee who is transferred by this Act shall not suffer
- 8 any loss of prior service credit, vacation or sick leave credits
- 9 previously earned, or other employee benefits or privileges as a
- 10 consequence of this Act; provided that the employee possesses
- 11 legal and public employment requirements for the position to
- 12 which transferred or appointed, as applicable; provided further
- 13 that subsequent changes in status may be made pursuant to
- 14 applicable employment and compensation laws. The director of
- 15 business, economic development, and technology may prescribe the
- 16 duties and qualifications of these employees and fix their
- 17 salaries without regard to chapter 76, Hawaii Revised Statutes.
- 18 SECTION 13. All appropriations, records, equipment,
- 19 machines, files, supplies, contracts, books, papers, documents,
- 20 maps, and other personal property heretofore made, used,
- 21 acquired, or held by the state energy office relating to the

- 1 functions transferred to the office of clean energy shall be
- 2 transferred with the functions to which they relate.
- 3 SECTION 14. There is appropriated out of the general
- 4 revenues of the State of Hawaii the sum of \$ or so much
- 5 thereof as may be necessary for fiscal year 2018-2019 for:
- 6 (1) Reorganizing the state energy office into the office
- 7 of clean energy; and
- 8 (2) Commencing the duties of the office of clean energy.
- 9 The sum appropriated shall be expended by the department of
- 10 business, economic development, and tourism for the purposes of
- 11 this Act.
- 12 SECTION 15. Statutory material to be repealed is bracketed
- 13 and stricken. New statutory material is underscored.
- 14 SECTION 16. This Act shall take effect upon its approval;
- 15 provided that section 14 shall take effect on July 1, 2018.

Report Title:

Office of Clean Energy; DBEDT; State Energy Resources Coordinator; State Energy Office; Appropriation

Description:

Establishes the Office of Clean Energy to assume the duties of the energy resources coordinator, presently the director of the Department of Business, Economic Development, and Tourism. Transfers the functions of the State Energy Office to the Office of Clean Energy. Appropriates moneys. (HB2724 HD1)

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