
A BILL FOR AN ACT

RELATING TO ENERGY.

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

1 SECTION 1. The purpose of this measure is to support the
2 State's effort to reduce its reliance on fossil fuels by
3 supporting energy efficiency and renewable energy. This measure
4 requires the Public Utilities Commission to determine, on a case
5 by case basis, whether the reliance on fossil fuels has an
6 effect on the volatility of fossil fuel prices for additional
7 types of utilities, including water, wastewater, and
8 telecommunications.

9 SECTION 2. Section 269-6, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "**§269-6 General powers and duties.** (a) The public
12 utilities commission shall have the general supervision
13 hereinafter set forth over all public utilities, and shall
14 perform the duties and exercise the powers imposed or conferred
15 upon it by this chapter. Included among the general powers of
16 the commission is the authority to adopt rules pursuant to
17 chapter 91 necessary for the purposes of this chapter.



1 (b) The public utilities commission shall consider the
2 need to reduce the State's reliance on fossil fuels through
3 energy efficiency and increased renewable energy generation in
4 exercising its authority and duties under this chapter. In
5 making determinations of the reasonableness of the costs [of]
6 pertaining to fossil fuel sourced electricity or gas utility
7 system capital improvements and operations, the commission shall
8 explicitly consider, quantitatively or qualitatively, the effect
9 of the State's reliance on fossil fuels on:

- 10 (1) [~~price~~] Price volatility[~~]~~;
- 11 (2) [~~export~~] Export of funds for fuel imports[~~]~~;
- 12 (3) [~~fuel~~] Fuel supply reliability risk[~~]~~; and
- 13 (4) [~~greenhouse~~] Greenhouse gas emissions.

14 The commission may determine that short-term costs or direct
15 costs of renewable energy generation that are higher than
16 alternatives relying more heavily on fossil fuels are
17 reasonable, considering the impacts resulting from the use of
18 fossil fuels. The public utilities commission shall determine
19 whether such analysis is necessary for proceedings involving
20 water, wastewater, or telecommunications providers on an
21 individual basis.



1 (c) The analysis described in subsection (b) shall not be
2 required for an electric or a gas utility's routine system
3 replacements, such as overhauls and overhead or overground line
4 determinations, or determinations that do not pertain to capital
5 improvements or operations, including but not limited to
6 financing requests.

7 [~~(e)~~] (d) In exercising its authority and duties under
8 this chapter, the public utilities commission shall consider the
9 costs and benefits of a diverse fossil fuel portfolio and of
10 maximizing the efficiency of all electric utility assets to
11 lower and stabilize the cost of electricity. Nothing in this
12 section shall subvert the obligation of electric utilities to
13 meet the renewable portfolio standards set forth in section
14 269-92.

15 [~~(d)~~] (e) The public utilities commission, in carrying out
16 its responsibilities under this chapter, shall consider whether
17 the implementation of one or more of the following economic
18 incentives or cost recovery mechanisms would be in the public
19 interest:

20 (1) The establishment of a shared cost savings incentive
21 mechanism designed to induce a public utility to



1 reduce energy costs and operating costs and accelerate
2 the implementation of energy cost reduction practices;
3 (2) The establishment of a renewable energy curtailment
4 mitigation incentive mechanism to encourage public
5 utilities to implement curtailment mitigation
6 practices when lower cost renewable energy is
7 available but not utilized through the sharing of
8 energy cost savings between the public utility,
9 ratepayer, and affected renewable energy projects;
10 (3) The establishment of a stranded cost recovery
11 mechanism to encourage the accelerated retirement of
12 an electric utility fossil fuel electric generation
13 plant by allowing an electric utility to recover the
14 stranded costs created by early retirement of a fossil
15 generation plant; and
16 (4) The establishment of differentiated authorized rates
17 of return on common equity to encourage increased
18 utility investments in transmission and distribution
19 infrastructure, discourage an electric utility
20 investment in fossil fuel electric generation plants



1 to incentivize grid modernization, and disincentivize
2 fossil generation, respectively.

3 [~~(e)~~] (f) The chairperson of the commission may appoint a
4 hearings officer, who shall not be subject to chapter 76, to
5 hear and recommend decisions in any proceeding before it other
6 than a proceeding involving the rates or any other matters
7 covered in the tariffs filed by the public utilities. The
8 hearings officer shall have the power to take testimony, make
9 findings of fact and conclusions of law, and recommend a
10 decision; provided that the findings of fact, the conclusions of
11 law, and the recommended decision shall be reviewed and may be
12 approved by the commission after notice to the parties and an
13 opportunity to be heard. The hearings officer shall have all of
14 the above powers conferred upon the public utilities commission
15 under section 269-10."

16 SECTION 3. Section 269-16.1, Hawaii Revised Statutes, is
17 amended by amending subsection (b) to read as follows:

18 "(b) In developing performance incentive and penalty
19 mechanisms, the public utilities commission's review of electric
20 utility performance shall consider, but not be limited to, the
21 following:



- 1 (1) The economic incentives and cost-recovery mechanisms
2 described in section [~~269-6(d)~~], 269-6(e);
- 3 (2) Volatility and affordability of electric rates and
4 customer electric bills;
- 5 (3) Electric service reliability;
- 6 (4) Customer engagement and satisfaction, including
7 customer options for managing electricity costs;
- 8 (5) Access to utility system information, including but
9 not limited to public access to electric system
10 planning data and aggregated customer energy use data
11 and individual access to granular information about an
12 individual customer's own energy use data;
- 13 (6) Rapid integration of renewable energy sources,
14 including quality interconnection of customer-sited
15 resources; and
- 16 (7) Timely execution of competitive procurement,
17 third-party interconnection, and other business
18 processes."

19 SECTION 4. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.

21 SECTION 5. This Act shall take effect upon its approval.



Report Title:

Public Utilities Commission; Utilities; Reasonableness of Costs

Description:

Requires the public utilities commission to determine whether analysis of the effect of the State's reliance on fossil fuels is necessary for proceedings involving water, wastewater, or telecommunications providers on an individual basis. Provides that the analysis is not required for an electric or a gas utility's routine system replacements or determinations that do not pertain to capital improvements or operations. (SD1)

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