THE SENATE
THIRTY-FIRST LEGISLATURE, 2021
STATE OF HAWAII

S.B. NO. 987 S.D. 1

A BILL FOR AN ACT

RELATING TO GREENHOUSE GAS EMISSIONS.

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

SECTION 1. The legislature finds that there is a need for a holistic plan of action for Hawaii regarding policy, technology, funding, and facilitation of public and private actions on climate change mitigation. The Intergovernmental Panel on Climate Change (IPCC) 2018 report concludes that Hawaii has less than fifteen years to address permanent climate change and sea level rise and their associated high level of disruption to the islands of Hawaii.

The legislature has established requirements to:

(1) Establish the greenhouse gas sequestration task force and require a plan to evaluate the feasibility and implications of establishing a carbon offset program for Hawaii (Act 15, Session Laws of Hawaii, 2018);

(2) Consider greenhouse gas impacts in government decisions and orders (e.g., environmental assessments, environmental impact statements, and decisions from the public utilities commission);

(3) Establish the Hawaii climate change mitigation and adaptation commission;

(4) Achieve a net-zero greenhouse gas emissions economy by the year 2050;

(5) Establish a one hundred per cent renewable electricity portfolio standard by 2045; and

(6) Resolve to integrate food, fuel, and waste reduction and re-use activities toward greater economic viability and environmental sustainability highlighted in S.C.R. No. 121, Regular Session of 2017.

However, up to this point, these requirements and goals have been focused on the electricity and ground transportation sectors and on group and point sources of greenhouse emissions. These requirements do not regard the emissions from other forms of transportation or other major economic drivers.

The legislature further finds that the Hawaii Aviation and Climate Action Summit held in December 2019 issued the following findings:

(1) Nearly a third of the energy consumed in the State is for jet fuel, a higher proportion of energy consumption than for any other energy sector;

(2) Over one-third of the flights are to and from international destinations;

(3) International flights to and from Hawaii will start to come under the mandate established by the International Civil Aviation Organization's (ICAO) Carbon Offset and Reduction Scheme for International Aviation (CORSIA) to reduce their aviation greenhouse gas emission to fifty per cent below 2005 levels by 2050;

(4) Transportation is the single largest producer of greenhouse gas emissions in Hawaii;

(5) Renewable fuels must be part of a balanced portfolio and state action plan to effect certified greenhouse gas reduction in the near term, in addition to carbon offsets;

(6) Sustainable aviation fuels have been demonstrated at commercial scale in the continental United States and can be manufactured in six different American Society for Testing Manuals (ASTM) approved and Federal Aviation Administration (FAA) certified ways from agricultural, animal, municipal, and construction

wastes as well as purpose-grown crops and forest materials;

(7) The ICAO CORSIA mandate is a significant requirement on airlines serving Hawaii, for which the State should establish a task force and "flight plan" to map out public and private actions to cost-effectively reduce greenhouse gas emissions;

(8) The ICAO CORSIA, United States' federal Renewable Fuel Standard (RFS), State of California's Low-Carbon Fuel Standard (LCFS), and State of Oregon's Clean Fuels Program (CFP) are all market-based measures to quantify, incentivize, and monetize industry action to reduce greenhouse gas emissions by the transportation sector. These measures are also flexible and effective ways to quantify and monetize the benefits of renewable fuels, carbon offsets, hydrogen and fuel cells, and transportation electrification based upon lifecycle greenhouse gas emissions performance; and

(9) Market-based policy measures more directly stimulate innovation, economic growth, and meaningful behavioral change than the state-level policies Hawaii has in

place today (barrel tax, carbon tax, environmental permitting/impact statements, and incentives which require annual appropriation). The federal RFS which Hawaii opted in to has directly led to a reduction of greenhouse gas in the ground transportation sector by thousands of barrels per day. California's LCFS has reduced greenhouse gases emissions in California by over fifty million metric tons through just the second quarter of 2019. Seventy-five per cent of venture capital investment in clean transportation in the United States has been directed to California. LCFS has helped investors to justify $100,000,000 and $300,000,000 investments to build new renewable fuel production plants. LCFS-stimulated economic development already includes over three hundred companies and twenty thousand workers and has decreased greenhouse gas emissions per GDP by forty per cent.

Therefore, the legislature concludes that the development of sustainable aviation fuel capability in Hawaii demonstrates the State's continued leadership in global greenhouse gas

emission reduction actions, and the potential to reduce dependence on foreign sources of fossil fuels, promote economic development, and overall improvement of environmental sustainability in Hawaii.

The purpose of this Act is to establish a task force to develop a state action plan to reduce the greenhouse gas emissions generated by air transportation in and from Hawaii.

SECTION 2. (a) There is established a sustainable aviation fuel task force within the Hawaii natural energy institute for administrative purposes. The purpose of the sustainable aviation fuel task force is to:

(1) Prepare a work plan and regulatory scheme for implementing the maximum practically and technically feasible and cost-effective reductions in greenhouse gas emissions from transportation sources or categories of sources of greenhouse gases to help commercial airlines serving Hawaii meet the mandate set for international commercial aviation by the International Civil Aviation Organization (ICAO), specifically the Carbon Offset and Reduction Scheme for International Aviation (CORSIA), to reduce

aviation greenhouse gas emission to fifty per cent below 2005 levels by 2050;

(2) Further the development of sustainable aviation fuel as a productive industry in Hawaii, using as a foundation the results from the Hawaii Aviation and Climate Action Summit held in December 2019 and the best practices shared by the federal Aviation Administration's Aviation Sustainability Center and Commercial Aviation Alternative Fuel Initiative;

(3) Facilitate communication and coordination among sustainable aviation fuel stakeholders;

(4) Provide a forum for discussion and problem-solving regarding potential and current barriers related to technology development, production, distribution, supply chain development, and commercialization of sustainable aviation fuel;

(5) Provide recommendations to the legislature on potential legislation that will facilitate the technology development, production, distribution, and commercialization of sustainable aviation fuel; facilitate and streamline the permitting process for

new facilities and the expansion of existing facilities; and provide access to low-cost financing through the issuance of revenue bonds and matching funds through the Hawaii technology development corporation; and

(6) Evaluate the prospect of Hawaii joining the Pacific Coast Collaborative of the states of California, Oregon, and Washington, and British Columbia to harmonize local carbon fuel and greenhouse gas reduction policy and market-based measures and share best practices.

(c) The Hawaii natural energy institute shall designate task force members that represent sectors involved in sustainable aviation fuel research, development, production, and utilization.

(d) The task force shall include but not be limited to representatives of the following, or their designees:

(1) The senate;

(2) The house of representatives;

(3) The department of agriculture;

(4) The department of health;

(5) The department of land and natural resources;

(6) The department of transportation;

(7) The Hawaii tourism authority;

(8) The Hawaii state energy office;

(9) The University of Hawaii;

(10) The Hawaii natural energy institute;

(11) A bioeconomy advocacy organization;

(12) International airline operator;

(13) A fuel refiner;

(14) Biofuels feedstock producers;

(15) Sustainable transportation fuel producers;

(16) A sustainable energy advocacy organization; and

(17) A carbon offset project practitioner.

The task force shall choose a chair from among its membership.

(e) The task force shall invite but not require the following, or their designees to participate in the task force:

(1) The Federal Aviation Administration;

(2) The United States Department of Agriculture; and

(3) The Hawaii focal of the United States Commercial Aviation Alternative Fuel Initiative.

The task force may invite any other individual, agency, or organization that it deems necessary or prudent.

(f) The task force shall hold at least two public meetings a year.

(g) The work plan of the task force shall include:

(1) Consultation with state and county agencies;

(2) Consultation and best practice sharing with international and national organizations, and other states to identify cost-effective policies and methods;

(3) Harmonization of market-based measures and their supporting technical and quantification methods with ICAO CORSIA, national, and other state peer-reviewed methods, and avoidance of a unique Hawaii method or standard wherever practicable;

(4) Development of measures of effectiveness of varying techniques for greenhouse gas emissions reduction for commercial aviation; and

(5) Framework to evaluate the relative contribution of each method or project, relative to its cost, projected technical maturity between the years 2020

and 2050, and contributions toward other sustainability objectives such as skilled job creation, economic development, waste re-use, invasive species removal, and landscape restoration.

(h) The task force shall submit an interim report of its findings and recommendations to the legislature no later than forty days prior to the convening of the regular session of 2022, and a final report of its findings and recommendations to the legislature no later than forty days prior to the convening of the regular session of 2023.

(i) The task force shall cease to exist on June 30, 2023; provided that the Hawaii natural energy institute may continue the work of the task force without the effect of this Act should the Hawaii natural energy institute deem necessary.

(j) The Hawaii natural energy institute shall submit a report of its findings and recommendations, and data on clean transportation related to aviation transportation including:

(1) Jet fuel consumption, imports, and local refining and the greenhouse gas benchmark for jet fuel and other transportation fuels; and

(2) Sustainable aviation fuel and carbon offset projects and investments, infrastructure and financing needs, supply chain development, and other opportunities and challenges to reducing the greenhouse gas impacts from commercial aviation,

to the legislature no later than twenty days prior to the convening of each regular session.

SECTION 3. This Act shall take effect upon its approval.

S.B. NO. 987 S.D. 1

Report Title:
Greenhouse Gas Emissions; Sustainable Aviation Fuel Task Force

Description:
Convenes a Sustainable Aviation Fuel Task Force within the Hawaii natural energy institute to develop a state action plan to reduce the greenhouse gas intensity of international air transportation from Hawaii. (SD1)

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