

JAN 21 2022

S.B. NO. 2513

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 on February 11,
2 2021, the public utilities commission opened docket number
3 2021-0024 to review Hawaiian Electric Company's interconnection
4 process and transition plans for retirement of fossil fuel
5 plants. On November 17, 2021, Hawaiian Electric Company stated
6 that allowing for competition and consideration of multiple
7 projects through a request for proposals process for renewable
8 firm generation will help to ensure that the best solutions are
9 chosen.

10 The legislature notes that Hawaiian Electric Company also
11 provided the following objectives of a firm request for
12 proposals:

- 13 (1) Allow firm renewable generation technologies to
14 compete in a quick request for proposals;
15 (2) Increase competition and lower customer prices;
16 (3) Increase the diversity of renewable energy sources;



(4) Improve reliability and resilience of generation systems;

(5) Acquire firm renewable capacity to potentially retire or deactivate fossil fuel generation;

(6) Add to the electric system mechanical inertia, short-circuit current, and new synchronous generation to provide greater stability of the electric system and ensure reliability and resilience when fossil-fuel generators are taken offline; and

(7) Increase the ability to add variable generation, including wind and solar, in the future if more flexible firm renewable generation is procured.

The legislature is confident that a firm request for proposals will simplify the evaluation process and allow for a more straightforward comparison of projects with similar attributes as opposed to projects that provide differing services and levels of these services. The legislature also believes that a firm renewable request for proposals is integral to the retirement of fossil fuel generation. However, firm generation must be capable of delivering power when needed and for as long as needed. This means that the resource must not be



1 energy-limited or weather-dependent and must be a generating
2 resource.

3 The legislature also notes that on October 26, 2020, the
4 public utilities commission held a virtual joint status
5 conference for docket numbers 2015-0389 and 2017-0352. At this
6 status conference, Hawaiian Electric Company explained that the
7 company's request for proposals team had inadvertently disclosed
8 to the company's self-build team certain information for phase 2
9 of the community based renewable energy program. Further, on
10 November 9, 2020, the public utilities commission received a
11 report from the community based renewable energy observer
12 indicating that individuals working for Hawaiian Electric
13 Company's community based renewable energy self-build team had
14 continued to e-mail individual members of the company's request
15 for proposals teams directly instead of routing these queries to
16 the request for proposals team's e-mail box as specified by the
17 code of conduct. The legislature recognizes that the public
18 utilities commission is also aware of multiple instances in
19 which Hawaiian Electric Company's request for proposals teams
20 had emailed to each member of the community based renewable
21 energy self-build team a reminder to only communicate through



1 the request for proposals team's e-mail box and copy the e-mails
2 to the independent observer. The legislature acknowledges that
3 these breaches of the code of conduct are unacceptable and
4 severely undermine the integrity of both the competitive bidding
5 process for the community based renewable energy program and all
6 requests for proposals that Hawaiian Electric Company issues or
7 is able to bid into via a self-build option or affiliate-build
8 option.

9 The legislature further finds that Hawaiian Electric
10 Company's assertion "that no breach occurred and that the
11 communications were not intended to be covered by the Code," is
12 dubious. It is essential that Hawaiian Electric Company avoid
13 the appearance of impropriety in all of the company's requests
14 for proposals, including community based renewable energy,
15 Hawaii Electric Light Company request for proposals number 3,
16 and all future requests for proposals. The legislature also
17 believes that these breaches will hinder the State's efforts to
18 achieve a one hundred per cent renewable portfolio standard.

19 Considering the foregoing, the legislature believes that
20 Hawaiian Electric Company's repeated breaches of the code of
21 conduct, whether actual or perceived, show that Hawaiian



1 Electric Company cannot reliably participate in the company's
2 own requests for proposals. The legislature further believes
3 that because it is essential that renewable energy development
4 is achieved in a fair and impartial manner, it is inappropriate
5 for utilities to have a self-build or affiliate-build option.
6 Utilities' self-build and affiliate-build options inherently
7 cause the public to lose faith in the integrity of the
8 competitive bidding process.

9 The legislature understands that it is necessary to ensure
10 that the integrity of the competitive bidding process is
11 increased, protected, and maintained and that the public regain
12 trust in the competitive bidding process.

13 Accordingly, the purpose of this Act is to:

- 14 (1) Require the public utilities commission to have
15 electric utilities separately issue requests for
16 proposals for firm renewable energy generation and
17 requests for proposals for intermittent renewable
18 energy generation;
- 19 (2) Prohibit the public utilities commission from
20 approving any new or renewed utility-owned generation
21 project by a public utility or any new or renewed



1 power purchase agreement for electricity generation
2 with affiliated interests with a public utility; and
3 (3) Appropriate moneys for the Hawaii state energy office
4 to conduct a study of the available firm and
5 intermittent renewable energy resources available on
6 each island.

7 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
8 amended by adding two new sections to part I to be appropriately
9 designated and to read as follows:

10 "§269- Requests for proposals. (a) The commission
11 shall require each electric utility to separately issue requests
12 for proposals for firm renewable energy generation and requests
13 for proposals for intermittent renewable energy generation.

14 (b) As used in this section:

15 "Firm renewable energy" means renewable energy that is
16 always available and capable of being continuously produced at
17 its contracted capacity twenty-four hours per day, three hundred
18 sixty-five days per year, subject only to routine maintenance
19 and emergency repairs.



1 "Intermittent renewable energy" means renewable energy that
2 does not meet the definition of "firm renewable energy" as used
3 in this section.

4 §269- Utility-owned generation projects; power purchase
5 agreements for electricity generation; prohibited. (a)

6 Notwithstanding any law to the contrary, the commission shall
7 not approve the following:

8 (1) Any new or renewed utility-owned generation project by
9 a public utility; or

10 (2) Any new or renewed power purchase agreement for
11 electricity generation with affiliated interests with
12 a public utility.

13 (b) As used in this section, "affiliated interest" has the
14 same meaning as in section 269-19.5."

15 SECTION 3. There is appropriated out of the general
16 revenues of the State of Hawaii the sum of \$100,000 or so much
17 thereof as may be necessary for fiscal year 2022-2023 for the
18 Hawaii state energy office to conduct a study of the available
19 firm and intermittent renewable energy resources available on
20 each island. The Hawaii state energy office shall submit a
21 report of its findings and recommendations, including any



1 proposed legislation, to the legislature no later than twenty
2 days prior to the convening of the 2023 regular session.

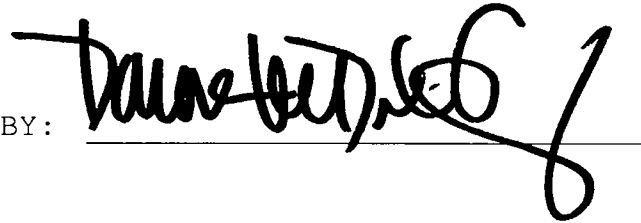
3 The sum appropriated shall be expended by the Hawaii state
4 energy office for the purposes of this Act.

5 SECTION 4. New statutory material is underscored.

6 SECTION 5. This Act shall take effect on July 1, 2022.

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INTRODUCED BY:

A large, stylized handwritten signature in black ink, likely belonging to Representative Hironaka, is written over a horizontal line. The signature is cursive and includes a long, sweeping flourish at the end.

S.B. NO. 2513

Report Title:

PUC; Hawaii State Energy Office; Firm Renewable Requests for Proposals; Intermittent Renewable Requests for Proposals; Study; Appropriations

Description:

Requires the Public Utilities Commission to have electric utilities separately issue requests for proposals for firm renewable energy generation and requests for proposals for intermittent renewable energy generation. Prohibits the Public Utilities Commission from approving any new or renewed utility-owned generation project by a public utility or any new or renewed power purchase agreement for electricity generation with affiliated interests with a public utility. Appropriates moneys.

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

