

JAN 21 2022

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 Act 97, Session Laws
2 of Hawaii 2015, amended section 269-92, Hawaii Revised Statutes,
3 to establish a one hundred per cent renewable portfolio standard
4 by December 31, 2045, with the intent to transition the State
5 away from imported fuels and toward renewable local resources
6 that provide a secure source of affordable energy.

7 In 2021, Hawaii became the first state in the nation to
8 declare a climate emergency. Currently, the calculation of the
9 renewable portfolio standard enacted in 2001 and amended in
10 2006, is the percentage of electrical energy sales that is
11 represented by renewable electrical energy. The legislature
12 further finds that the calculation of the renewable portfolio
13 standard based on electrical energy sales (renewable electrical
14 energy sales divided by total electrical energy sales), rather
15 than on electrical energy generation (renewable electrical
16 energy generation divided by total electrical energy
17 generation), overestimates the amount of renewable energy



1 serving Hawaii's electric utility customers. Using energy sales
2 rather than energy generation distorts the calculation of the
3 renewable portfolio standard and produces an inflated amount
4 because that method does not consider material customer-sited,
5 grid-connected energy generation and ignores the renewable
6 energy lost during the transmission of the points at which
7 electrical energy is generated and a customer's electricity
8 meter, where sales are measured.

9 In light of new scientific information about the climate
10 emergency, including accelerating climate warming, feedback
11 loops, and other dire global warming impacts, the legislature
12 also finds that the State's renewable portfolio standard target
13 for 2030 needs to be raised from the current forty per cent of
14 sales to eighty per cent of generation. Accordingly, the
15 purpose of this Act is to:

16 (1) Amend the definition of renewable portfolio standard
17 for electric utility companies to be a percentage of
18 its electrical energy generation, rather than its
19 sales;

20 (2) Increases the renewable portfolio standard of forty
21 per cent to eighty per cent;



- (3) Removes the 2040 renewable energy standard; and
- (4) Requires an appropriate period for public comment before the public utilities commission may grant a waiver from the renewable portfolio standard or an extension for meeting the prescribed standard to an electric utility company.

SECTION 2. Section 269-91, Hawaii Revised Statutes, is amended by amending the definition of "renewable portfolio standard" to read as follows:

"Renewable portfolio standard" means the percentage of electrical energy ~~[sales]~~ generation that is represented by renewable electrical energy."

SECTION 3. Section 269-92, Hawaii Revised Statutes, is amended to read as follows:

"§269-92 Renewable portfolio standards~~[-]~~ for electric utility companies. (a) Each electric utility company that sells electricity for consumption in the State shall establish a renewable portfolio standard of:

- (1) Ten per cent of its net electricity sales by December 31, 2010;



(2) Fifteen per cent of its net electricity sales by
December 31, 2015;

(3) Thirty per cent of its net electricity sales by
December 31, 2020;

(4) ~~[Forty]~~ Eighty per cent of its net electricity ~~[sales]~~
generation by December 31, 2030; and

~~[(5) Seventy per cent of its net electricity sales by
December 31, 2040; and~~

~~+(6)]~~ (5) One hundred per cent of its net electricity
~~[sales]~~ generation by December 31, 2045.

(b) The public utilities commission may establish
standards for each electric utility company that prescribe
~~[what]~~ the portion of the renewable portfolio standards that
shall be met by specific types of renewable energy resources;
provided that:

(1) Prior to January 1, 2015, at least fifty per cent of
the renewable portfolio standards shall be met by
electrical energy generated using renewable energy as
the source, and after December 31, 2014, the entire
renewable portfolio standard shall be met by
electrical generation from renewable energy sources;



(2) Beginning January 1, 2015, electrical energy savings shall not count toward renewable energy portfolio standards;

(3) Where electrical energy is generated or displaced by a combination of renewable and nonrenewable means, the proportion attributable to the renewable means shall be credited as renewable energy; and

(4) Where fossil and renewable fuels are co-fired in the same generating unit, the unit shall be considered to generate renewable electrical energy (electricity) in direct proportion to the percentage of the total heat input value represented by the heat input value of the renewable fuels.

(c) If the public utilities commission determines that an electric utility company failed to meet the renewable portfolio standard, after a hearing in accordance with chapter 91, the utility shall be subject to penalties to be established by the public utilities commission; provided that if the commission determines that the electric utility company is unable to meet the renewable portfolio standards [~~due to~~] because of reasons beyond the reasonable control of [~~an~~] the electric utility[~~7~~]



1 company as set forth in subsection (d), the commission, in its
2 discretion, may waive in whole or in part any otherwise
3 applicable penalties.

4 (d) Events or circumstances that are [~~outside of~~] beyond
5 an electric utility company's reasonable control may include, to
6 the extent the event or circumstance could not be reasonably
7 foreseen and ameliorated:

- 8 (1) Weather-related damage;
- 9 (2) Natural disasters;
- 10 (3) Mechanical or resource failure;
- 11 (4) Failure of renewable electrical energy producers to
12 meet contractual obligations to the electric utility
13 company;
- 14 (5) Labor strikes or lockouts;
- 15 (6) Actions of governmental authorities that adversely
16 affect the generation, transmission, or distribution
17 of renewable electrical energy under contract to an
18 electric utility company;
- 19 (7) Inability to acquire sufficient renewable electrical
20 energy due to lapsing of tax credits related to
21 renewable energy development;



- (8) Inability to obtain permits or land use approvals for renewable electrical energy projects;
- (9) Inability to acquire sufficient cost-effective renewable electrical energy;
- (10) Inability to acquire sufficient renewable electrical energy to meet the renewable portfolio standard goals beyond 2030 in a manner that is beneficial to Hawaii's economy in relation to comparable fossil fuel resources;
- (11) Substantial limitations, restrictions, or prohibitions on utility renewable electrical energy projects; and
- (12) Other events and circumstances of a similar nature [÷] that could not be reasonably foreseen and ameliorated."

SECTION 4. Section 269-93, Hawaii Revised Statutes, is amended by amending its title and subsection (a) to read as follows:

"§269-93 Achieving electric utility company portfolio standard. (a) An electric utility company and its electric utility affiliates may aggregate their renewable portfolios to



1 achieve the renewable portfolio standard[-] as established and
2 defined in section 269-92."

3 SECTION 5. Section 269-94, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "[+]§269-94 Waivers, extensions, and incentives[-] for
6 electric utility companies. Any electric utility company not
7 meeting the renewable portfolio standard, as established and
8 defined in section 269-92, shall report to the public utilities
9 commission within ninety days following the goal dates
10 established in section [+]269-92[+], and provide an explanation
11 for not meeting the renewable portfolio standard. The public
12 utilities commission, after allowing an appropriate period for
13 public comment, shall have the option to either grant a waiver
14 from the renewable portfolio standard or an extension for
15 meeting the prescribed standard.

16 The public utilities commission may provide incentives to
17 encourage electric utility companies to exceed their renewable
18 portfolio standards or to meet their renewable portfolio
19 standards ahead of time, or both."



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1 SECTION 6. This Act does not affect rights and duties that
2 matured, penalties that were incurred, and proceedings that were
3 begun before its effective date.

4 SECTION 7. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 8. This Act shall take effect on July 1, 2022.

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INTRODUCED BY:





S.B. NO. 2965

Report Title:

Renewable Energy; Renewable Portfolio Standard; Electricity;
Public Utilities Commission

Description:

Amends the definition of renewable portfolio standard for electric utility companies to be a percentage of electrical energy generation, rather than sales. Increases the renewable portfolio standard from forty to eighty percent. Requires an appropriate period for public comment before the public utilities commission may grant a waiver from the renewable portfolio standard or an extension for meeting the prescribed standard to an electric utility company.

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