
A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

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PART I

SECTION 1. The legislature finds that Act 97, Session Laws of Hawaii 2015, amended section 269-92, Hawaii Revised Statutes, to establish a one hundred per cent renewable portfolio standard by December 31, 2045, with the intent to transition the State away from imported fuels and toward renewable local resources that provide a secure source of affordable energy. Currently, the calculation of the renewable portfolio standard enacted in 2001 and amended in 2006 is the percentage of electrical energy sales that is represented by renewable electrical energy. The legislature additionally finds that the calculation of the renewable portfolio standard based on electrical energy sales (renewable electrical energy sales divided by total electrical energy sales), rather than on electrical energy generation (renewable electrical energy generation divided by total electrical energy generation), overestimates the amount of renewable energy serving Hawaii's electric utility customers.



1 There are two fundamental issues that lead to the current
2 discrepancy:

3 (1) The current renewable portfolio standard calculation
4 inflates the reported percentage of renewable energy
5 by excluding customer-sited, grid-connected energy
6 generation in the denominator, which becomes material
7 with higher levels of customer-sited, grid-connected
8 renewable energy generation and higher renewable
9 portfolio standard percentages; and

10 (2) The current electrical energy sales number does not
11 include energy losses that occur between the points of
12 electrical energy generation and the customer meter,
13 where sales are measured.

14 Failure to address these issues creates an incorrect
15 measure of the State's progress toward its statutory goal of one
16 hundred per cent renewable energy.

17 The legislature also finds that it is important that all
18 relevant entities are aligned in the goal of achieving one
19 hundred per cent renewable energy. Requiring electric
20 utilities, but not gas utilities, to increase their reliance on
21 renewable energy creates an unfair playing field that may



1 unintentionally harm consumers by promoting suboptimal long-
2 lived investments in fossil fuels through gas-fired distributed
3 electrical generation. These effects may also have near- and
4 long-term impacts on the viability of the State's electric
5 utilities, and near- and long-term impacts on the viability of
6 the State's gas utilities.

7 The legislature further finds that the simplest, fairest,
8 and most effective solution to this concern is to implement
9 renewable portfolio standard targets for gas utilities that
10 mirror those being achieved by electric utilities.

11 The purpose of this Act is to:

- 12 (1) Amend the definition of "renewable portfolio standard"
13 to more accurately reflect the percentage of total
14 electrical energy generated that is represented by
15 renewable energy in the State;
- 16 (2) Establish a renewable portfolio standard goal for gas
17 utility companies by December 31, 2025; and
- 18 (3) Direct the public utilities commission to open a
19 formal proceeding to examine questions surrounding the
20 establishment of a gas renewable portfolio standard.



1 PART II

2 SECTION 2. Section 269-91, Hawaii Revised Statutes, is
3 amended as follows:

4 1. By repealing the definition of "cost-effective".

5 [~~"Cost-effective" means the ability to produce or purchase~~
6 ~~electric energy or firm capacity, or both, from renewable energy~~
7 ~~resources at or below avoided costs or as the commission~~
8 ~~otherwise determines to be just and reasonable consistent with~~
9 ~~the methodology set by the public utilities commission in~~
10 ~~accordance with section 269-27.2."]~~

11 2. By repealing the definition of "renewable portfolio
12 standard".

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

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

18 "**§269-92 Renewable portfolio standards**~~[-]~~ **for electric**
19 **utility companies.** (a) Each electric utility company that

20 sells electricity for consumption in the State shall establish a
21 renewable portfolio standard of:



- 1 (1) Ten per cent of its net electricity sales by
2 December 31, 2010;
- 3 (2) Fifteen per cent of its net electricity sales by
4 December 31, 2015;
- 5 (3) Thirty per cent of its net electricity sales by
6 December 31, 2020;
- 7 (4) Forty per cent of its net electricity [~~sales~~]
8 generation by December 31, 2030;
- 9 (5) Seventy per cent of its net electricity [~~sales~~]
10 generation by December 31, 2040; and
- 11 (6) One hundred per cent of its net electricity [~~sales~~]
12 generation by December 31, 2045.
- 13 (b) The public utilities commission may establish
14 standards for each electric utility company that prescribe
15 [~~what~~] the portion of the renewable portfolio standards that
16 shall be met by specific types of renewable energy resources;
17 provided that:
- 18 (1) Prior to January 1, 2015, at least fifty per cent of
19 the renewable portfolio standards shall be met by
20 electrical energy generated using renewable energy as
21 the source, and after December 31, 2014, the entire



1 renewable portfolio standard shall be met by
2 electrical generation from renewable energy sources;
3 (2) Beginning January 1, 2015, electrical energy savings
4 shall not count toward renewable energy portfolio
5 standards;
6 (3) Where electrical energy is generated or displaced by a
7 combination of renewable and nonrenewable means, the
8 proportion attributable to the renewable means shall
9 be credited as renewable energy; and
10 (4) Where fossil and renewable fuels are co-fired in the
11 same generating unit, the unit shall be considered to
12 generate renewable electrical energy (electricity) in
13 direct proportion to the percentage of the total heat
14 input value represented by the heat input value of the
15 renewable fuels.
16 (c) If the public utilities commission determines that an
17 electric utility company failed to meet the renewable portfolio
18 standard, after a hearing in accordance with chapter 91, the
19 utility shall be subject to penalties to be established by the
20 public utilities commission; provided that if the commission
21 determines that the electric utility company is unable to meet



1 the renewable portfolio standards [~~due to~~] because of reasons
 2 beyond the reasonable control of [~~an~~] the electric utility[~~r~~]
 3 company, as set forth in subsection (d), the commission, in its
 4 discretion, may waive in whole or in part any otherwise
 5 applicable penalties.

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

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



- 1 (7) Inability to acquire sufficient renewable electrical
2 energy due to lapsing of tax credits related to
3 renewable energy development;
- 4 (8) Inability to obtain permits or land use approvals for
5 renewable electrical energy projects;
- 6 (9) Inability to acquire sufficient cost-effective
7 renewable electrical energy;
- 8 (10) Inability to acquire sufficient renewable electrical
9 energy to meet the renewable portfolio standard goals
10 beyond 2030 in a manner that is beneficial to Hawaii's
11 economy in relation to comparable fossil fuel
12 resources;
- 13 (11) Substantial limitations, restrictions, or prohibitions
14 on utility renewable electrical energy projects; and
- 15 (12) Other events and circumstances of a similar nature[-]
16 that could not be reasonably foreseen and ameliorated.
- 17 (e) For the purposes of this section:
- 18 "Cost-effective" means the ability to produce or purchase
19 electric energy or firm capacity, or both, from renewable energy
20 resources at or below avoided costs or as the public utilities
21 commission otherwise determines to be just and reasonable



1 consistent with the methodology set by the commission in
2 accordance with section 269-27.2.

3 "Renewable portfolio standard" means the percentage of
4 electrical energy generation that is represented by renewable
5 electrical energy."

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

9 **"§269-93 Achieving electric utility company portfolio**
10 **standard.** (a) An electric utility company and its electric
11 utility affiliates may aggregate their renewable portfolios to
12 achieve the renewable portfolio standard~~[-]~~, as established and
13 defined in section 269-92."

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

16 **"~~[+]~~§269-94 Waivers, extensions, and incentives~~[-]~~ for**
17 **electric utility companies.** Any electric utility company not
18 meeting the renewable portfolio standard, as established and
19 defined in section 269-92, shall report to the public utilities
20 commission within ninety days following the goal dates
21 established in section ~~[+]~~269-92~~[+]~~, and provide an explanation



1 for not meeting the renewable portfolio standard. The public
2 utilities commission, after allowing an appropriate period of
3 public comment, shall have the option to either grant a waiver
4 from the renewable portfolio standard or an extension for
5 meeting the prescribed standard.

6 The public utilities commission may provide incentives to
7 encourage electric utility companies to exceed their renewable
8 portfolio standards or to meet their renewable portfolio
9 standards ahead of time, or both."

10 PART III

11 SECTION 6. Chapter 269, Hawaii Revised Statutes, is
12 amended by adding a new section to part V to be appropriately
13 designated and to read as follows:

14 "§269- Renewable portfolio standards for gas utility
15 companies. Each gas utility company that sells gas for
16 consumption in the State shall establish a renewable portfolio
17 standard goal of _____ per cent of its total sales by
18 December 31, 2025."

19 PART IV

20 SECTION 7. (a) The public utilities commission shall open
21 a formal proceeding to:



- 1 (1) Examine questions surrounding the establishment of a
2 gas renewable portfolio standard; and
- 3 (2) Inform future efforts to establish targets and interim
4 goals for the transition to renewable resources.
- 5 (b) Considerations by the public utilities commission in
6 its formal proceeding shall include but not be limited to:
- 7 (1) The feasibility and availability of different
8 technologies to meet long-term goals;
- 9 (2) Potential target dates;
- 10 (3) Economic impacts, including impact on customers'
11 bills; and
- 12 (4) Impacts on the reliability of service.

13 PART V

14 SECTION 8. This Act does not affect rights and duties that
15 matured, penalties that were incurred, and proceedings that were
16 begun before its effective date.

17 SECTION 9. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 10. This Act shall take effect on July 1, 2050.



Report Title:

Renewable Energy; Renewable Portfolio Standard; Electricity;
Gas; 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. Establishes an unspecified renewable portfolio standard goal for gas utility companies. Directs the public utilities commission to open a formal proceeding to examine questions surrounding the establishment of a gas renewable portfolio standard. Effective 7/1/2050. (HD1)

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