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## A BILL FOR AN ACT

RELATING TO ENERGY.

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

1           SECTION 1. The legislature finds that while the transition  
2 to renewable energy holds promise for lower energy costs in  
3 comparison to fossil fuel use, the legislature is concerned that  
4 many households in Hawaii have difficulty paying basic energy  
5 bills and suffer "energy insecurity", in which they are faced  
6 with difficult choices, such as whether to sacrifice food or  
7 medicine to be able to pay for energy. This concern is clearly  
8 identified in the July 2021 report by the department of  
9 business, economic development, and tourism, "Electricity  
10 Burdens on Hawaii Households", which identifies that "household  
11 electricity burden - the percentage of household income spent on  
12 electricity bills - is one of the key elements contributing to a  
13 household's energy insecurity, especially for low-income  
14 households." Accordingly, households with lower incomes are  
15 faced with higher levels of energy insecurity.

16           Furthermore, with temperature and humidity increases due to  
17 climate change, the legislature is increasingly concerned about



1 access to affordable and clean energy because the need for air  
2 conditioning, and thus more electricity, has increased during  
3 the warmest months of the year, further exacerbating the  
4 situation of "energy insecurity" for residents.

5       The legislature further finds that according to the 2020  
6 report commissioned by the Aloha United Way, "ALICE in Hawaii:  
7 A Financial Hardship Study", forty-two per cent of households in  
8 the State live below the ALICE (asset limited, income  
9 constrained, employed) threshold, meaning that almost half of  
10 all families in Hawaii are struggling to make ends meet even  
11 though they are employed. Nine per cent of these ALICE families  
12 are living in poverty. This trend has progressively worsened in  
13 recent years and was exacerbated by the coronavirus disease 2019  
14 pandemic, meaning that these numbers have likely increased since  
15 the 2020 report was published, as the 2020 report reflected 2018  
16 metrics. However, upon research of ALICE household, it appears  
17 that their energy burden is much lower than the national average  
18 due to lower usage.

19       The legislature also finds that Hawaii's electric rates are  
20 the highest in the nation, at close to three times the national  
21 average. These high rates add to the challenges faced by



1 families already struggling with Hawaii's high cost of living.  
2 The average residential electric bill in Hawaii was forty per  
3 cent higher than on the continental United States.

4 The legislature further finds that the State's electric  
5 utilities only offer income-based bill assistance through the  
6 federal Low Income Home Energy Assistance Program (LIHEAP) and  
7 do not offer utility-specific low to moderate income discount  
8 rates or bill assistance. According to the federal  
9 Administration for Children and Families' Office of Community  
10 Services, being qualified for LIHEAP does not guarantee that a  
11 person in need will receive help. This is because LIHEAP  
12 assistance disbursements depend on how much LIHEAP funds are  
13 available for the year, and once funds run out for the year, no  
14 more benefits can be given out until more funds are made  
15 available by Congress. This results in an average of only  
16 twenty per cent of qualifying households actually receiving the  
17 LIHEAP benefit. Thus, a substantial number of residents are not  
18 able to receive the federal assistance for which they qualify,  
19 and as LIHEAP is the only income-based bill assistance program  
20 offered by utilities, an obvious unmet need for bill assistance  
21 or rate relief to those in privation is left unmet. According



1 to Spotlight on Poverty, less than nine thousand homes in the  
2 State participated in LIHEAP in 2020, or about 0.02 per cent of  
3 households in Hawaii. Meanwhile, nine per cent of Hawaii  
4 households live below the poverty level.

5 In recognition of these and other disparities contributing  
6 to high electricity burdens, some states' utilities are  
7 authorized to offer lower rates to low- and limited-income  
8 customers to reduce residential electricity burden and ensure  
9 continued access to electrical power. These states include  
10 Arizona, California, Georgia, Maine, Massachusetts, Minnesota,  
11 New Hampshire, New York, Pennsylvania, Rhode Island, and  
12 Vermont.

13 Relatedly, as acknowledged by the Hawaii climate change  
14 mitigation and adaptation commission, the legislature also finds  
15 that there has been an increase in concerns about energy and  
16 climate justice, and ensuring that low-income and frontline  
17 communities are not bearing an undue proportion of the impacts  
18 of energy infrastructure and climate change. Traditionally,  
19 major energy projects provide the same benefit, secure provision  
20 of service, to all ratepayers on an electric grid. The  
21 communities serving as geographic hosts for major energy



1 projects receive this same benefit, yet must live with the  
2 burdens associated with hosting those projects, and are not  
3 offered compensation for doing so, nor are these communities  
4 generally meaningfully engaged in the planning process for these  
5 projects. The burdens these host communities have shouldered  
6 include high concentrations of particulate air emissions, loss  
7 of open space, loss of other land uses, environmental concerns,  
8 and projects that are maligned with the host community's  
9 localized needs and priorities for provision of electrical  
10 service.

11 The legislature additionally finds that when the  
12 electricity burden maps provided in the department of business,  
13 economic development, and tourism electricity burden report are  
14 reviewed alongside the statewide energy project directory  
15 provided by the Hawaii state energy office, a substantial amount  
16 of the current and planned energy project locations are in or  
17 near areas that have higher electricity burdens. Thus, the  
18 legislature is further concerned that without more informed  
19 planning, the progression towards the State's clean energy goals  
20 may come at the expense of already burdened communities.



1           The legislature also finds that in certain situations,  
2 energy project developers are encouraged to negotiate community  
3 benefits agreements with the communities that neighbor their  
4 projects as part of the project development process. In some  
5 cases, utilities could be authorized to offer reduced  
6 electricity rates to communities impacted by or in close  
7 proximity to major energy projects, that is, those communities  
8 that are geographic hosts.

9           The legislature concludes that, given its two distinct but  
10 interrelated concerns regarding high electricity burdens for the  
11 State's low-to-moderate income families, and the concentration  
12 of energy projects in communities with high electricity burdens  
13 that lack geographic hosting compensation or other  
14 considerations to address the disproportionate burden these  
15 communities deal with, it is fair and in the public interest to  
16 further investigate ways to address both concerns.

17           Accordingly, the purpose of this Act is to require the  
18 public utilities commission to open one or more proceedings to  
19 consider:



- 1 (1) Low- and moderate-income rates, bill credits, or  
2 direct payments and whether these would be appropriate  
3 for the State;
- 4 (2) The advantages and disadvantages of rate design,  
5 program offerings, and the requirements of community  
6 benefits agreements to address energy burden, energy  
7 insecurity, and environmental and energy justice  
8 concerns related to the siting of energy projects; and
- 9 (3) Other customer-centric solutions to lessen the energy  
10 burden on low- and moderate-income customers and  
11 determine appropriate benefits above and beyond those  
12 accrued to the overall electric grid for communities  
13 that serve as geographic hosts to utility scale energy  
14 projects.

15 SECTION 2. Chapter 269, Hawaii Revised Statutes, is  
16 amended by adding a new section to part I to be appropriately  
17 designated and to read as follows:

18 "§269- Energy rates; low- and moderate-income  
19 consumers; proceeding. The public utilities commission shall  
20 open one or more proceedings to consider the following:



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- 1        (1) Low- and moderate-income rates, bill credits, or
- 2                direct payments and whether these would be appropriate
- 3                for the State;
- 4        (2) The advantages and disadvantages of rate design,
- 5                program offerings, and the requirements of community
- 6                benefits agreements to address energy burden, energy
- 7                insecurity, and environmental and energy justice
- 8                concerns related to the siting of energy projects; and
- 9        (3) Other customer-centric solutions to lessen the energy
- 10               burden on low- and moderate-income customers and
- 11               determine appropriate benefits above and beyond those
- 12               accrued to the overall electric grid for communities
- 13               that serve as geographic hosts to utility scale energy
- 14               projects."

15        SECTION 3. New statutory material is underscored.

16        SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: *Micole E. Lowen*

JAN 18 2022





# H.B. NO. 1521

**Report Title:**

Public Utilities Commission; Public Utilities Commission Proceeding; Low- and Moderate-income Consumers; Energy Insecurity; Community Benefits Package

**Description:**

Requires the public utilities commission to open one or more proceedings to consider low- and moderate-income rates, bill credits, or direct payments and whether these would be appropriate for the State; the advantages and disadvantages of rate design, program offerings, and the requirements of community benefits agreements; and other customer-centric solutions to lessen the energy burden on low- and moderate-income customers.

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