
A BILL FOR AN ACT

RELATING TO CLIMATE MITIGATION.

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

1 SECTION 1. The legislature finds that in order for the
2 State to make comprehensive and cost-effective assessments of
3 investments in durable infrastructure projects, the cost of the
4 greenhouse gas emissions associated with that infrastructure
5 should be considered. A value assigned to the cost of
6 greenhouse emissions is sometimes called a carbon price. While
7 an explicit carbon price might be a tax or a fee levied directly
8 on emissions, an implicit carbon price instead assigns a
9 monetary value on greenhouse gas emissions that can then be
10 factored into decisions as a way to account for climate-related
11 risks and to align state actions with state policies that seek
12 to reduce emissions.

13 The legislature further finds that the adoption of an
14 implicit carbon price will help to guide decisions in the
15 present so that actions taken now are in alignment with the
16 transition to a low-carbon economy and adaptation to climate
17 change. For example, assigning a value to avoided emissions



1 that could be achieved through efficient new building design,
2 effective stormwater infrastructure, or state vehicle
3 procurement would lead to an accounting for the costs of these
4 projects that incorporates a full range of costs over the
5 medium- and long-term, rather than only the short-term. This
6 would further result in more cost-effective outcomes for the
7 State.

8 The legislature further finds that the adoption of an
9 internal carbon price today would benefit the State by
10 positioning Hawaii to be ready for tomorrow. Should a carbon
11 price be adopted nationally—and there is a reasonable
12 expectation that this may come to pass – there would be early
13 advantages for the state government for having already made some
14 of these adjustments.

15 The legislature also finds that the public utilities
16 commission should develop estimates for a social cost of carbon
17 and that regulated electric and gas utilities should be required
18 to use these estimates in each utility's integrated resource
19 planning process to account for the cost of carbon emissions.

20 Accordingly, the purpose of this Act is to require:



- 1 (1) The public utilities commission to develop an
- 2 estimated social cost of carbon;
- 3 (2) Each regulated electric and gas utility to use the
- 4 estimated social cost of carbon in that utility's
- 5 respective integrated resource planning process; and
- 6 (3) The State and the University of Hawaii to consider the
- 7 estimated social cost of carbon in planning new
- 8 infrastructure and capital improvement projects.

9 SECTION 2. Chapter 225P, Hawaii Revised Statutes, is
 10 amended by adding a new section to be appropriately designated
 11 and to read as follows:

12 "§225P- Social cost of carbon; new infrastructure;
 13 capital improvement projects; requirements. (a) The State and
 14 University of Hawaii shall consider the estimated social cost of
 15 carbon developed under section 269- in planning new
 16 infrastructure and capital improvement projects.

17 (b) As used in this section, "social cost of carbon" shall
 18 have the same meaning as in section 269-1."

19 SECTION 3. Chapter 269, Hawaii Revised Statutes, is
 20 amended by adding a new section to part I to be appropriately
 21 designated and to read as follows:



1 "§269- Social cost of carbon; estimate; requirements.

2 (a) The public utilities commission shall establish an
3 estimated social cost of carbon.

4 (b) Each electric or gas utility that is regulated by the
5 public utilities commission under this chapter shall use in the
6 utility's respective integrated resource planning process the
7 estimated social cost of carbon developed under subsection (a).

8 (c) The public utilities commission may use the estimated
9 social cost of carbon developed under subsection (a) in
10 assessing penalties for delays in integrating renewable energy
11 projects and programs that lower carbon emissions."

12 SECTION 4. Section 269-1, Hawaii Revised Statutes, is
13 amended by adding a new definition to be appropriately inserted
14 and to read as follows:

15 "Social cost of carbon" means an estimate of the economic
16 costs and damages created by each ton of carbon dioxide
17 emissions."

18 SECTION 5. Section 107-27, Hawaii Revised Statutes, is
19 amended to read as follows:

20 **"§107-27 Design of state buildings.** (a) No later than
21 one year after the adoption of codes or standards pursuant to



1 section 107-24(c), the design of all state building construction
2 shall be in compliance with the Hawaii state building codes,
3 except state building construction shall be allowed to be
4 exempted from:

5 (1) County codes that have not adopted the Hawaii state
6 building codes;

7 (2) Any county code amendments that are inconsistent with
8 the minimum performance objectives of the Hawaii state
9 building codes or the objectives enumerated in this
10 part; or

11 (3) Any county code amendments that are contrary to code
12 amendments adopted by another county.

13 (b) Exemptions shall include county ordinances allowing
14 the exercise of indigenous Hawaiian architecture adopted in
15 accordance with section 46-1.55.

16 (c) The State shall consider hurricane resistant criteria
17 when designing and constructing new public schools for the
18 capability of providing shelter refuge.

19 (d) The State and University of Hawaii shall consider the
20 estimated social cost of carbon developed under section 269-
21 when designing and constructing new buildings.



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1 (e) As used in this section, "social cost of carbon" shall
2 have the same meaning as in section 269-1."

3 SECTION 6. New statutory material is underscored.

4 SECTION 7. This Act shall take effect upon its approval.

5

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JAN 18 2022



H.B. NO. 1522

Report Title:

PUC; Utilities; Social Cost of Carbon

Description:

Requires the Public Utilities Commission to develop an estimated social cost of carbon; each regulated electric and gas utility to use the estimated social cost of carbon in the utility's respective integrated resource planning process; and the State to consider the estimated social cost of carbon in planning new infrastructure and capital improvement projects.

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