
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 over the span of its expected useful life should be considered.
6 A value assigned to the cost of greenhouse emissions is
7 sometimes called an implicit carbon price, or "the social cost
8 of carbon". While an explicit carbon price might be a tax or a
9 fee levied directly on emissions, an implicit carbon price
10 instead assigns a monetary value to greenhouse gas emissions.
11 This cost can then be factored into decisions as a way to
12 account for the impacts of increased emissions over time and the
13 associated risks and costs, as well as the benefits of avoiding
14 emissions.

15 The legislature further finds that the adoption of an
16 implicit carbon price will help to guide decisions made about
17 infrastructure projects so that they align with the transition



1 to a low-carbon economy and with the State's climate policy.
2 Hawaii has statutory goals to reduce emissions by fifty per cent
3 from 2005 levels by 2030 and to have a carbon-negative economy
4 by 2045. Incorporating consideration of emissions in decision-
5 making today will facilitate achieving these goals and lead to
6 more cost-effective outcomes for the State over the long term.

7 The legislature also finds that the public utilities
8 commission should require regulated electric and gas utilities
9 to use the social cost of carbon (SC-CO₂), methane (SC-CH₄), and
10 nitrous oxide (SC-N₂O) emissions established by the United States
11 Interagency Working Group on the Social Cost of Greenhouse Gases
12 when determining the cost, benefit, or net present value of any
13 integrated resource plan or project proposal. Hawaii's
14 renewable portfolio standards have charted a course to reach one
15 hundred per cent renewable energy generation by 2045. However,
16 the renewable portfolio standards do not account for the varying
17 levels of emissions associated with different types of resources
18 that are included in the State's definition of "renewable
19 energy". Adopting an implicit carbon price would ensure that
20 the State's transition to renewable energy includes



1 consideration of emissions and of Hawaii's decarbonization goals
2 under section 225P-5, Hawaii Revised Statutes.

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

4 (1) Each regulated electric and gas utility to use the
5 estimated social cost of greenhouse gas emissions
6 established by the United States Interagency Working
7 Group on the Social Cost of Greenhouse Gases in that
8 utility's respective integrated resource planning
9 process; and

10 (2) The State to consider the estimated social cost of
11 greenhouse gas emissions in planning new
12 infrastructure and capital improvement projects and
13 when designing and constructing new buildings.

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

17 "§225P-_____ Estimated social cost of greenhouse gas
18 emissions; new infrastructure; capital improvement projects;
19 requirements. (a) The State shall consider the estimated
20 social cost of greenhouse gas emissions in planning new
21 infrastructure and capital improvement projects.



1 (b) As used in this section, "estimated social cost of
2 greenhouse gas emissions" has the same meaning as in section
3 269-1."

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

7 "§269- **Estimated social cost of greenhouse gas**
8 **emissions; requirements.** (a) The public utilities commission
9 shall require regulated electric and gas utilities to use the
10 estimated social cost of greenhouse gas emissions when
11 determining the cost, benefit, or net present value of any
12 integrated resource plan or project proposal.

13 (b) The public utilities commission shall use the
14 estimated social cost of greenhouse gas emissions in assessing
15 penalties for delays in integrating renewable energy projects
16 and programs that lower carbon emissions."

17 SECTION 4. Section 107-27, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "§107-27 **Design and construction of state buildings.** (a)
20 No later than one year after the adoption of codes or standards
21 pursuant to section 107-24(c), the design of all state building



1 construction shall [~~be in compliance~~] comply with the Hawaii
2 state building codes, except state building construction shall
3 be allowed to be exempted from:

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

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

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

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

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

18 (d) Beginning July 1, 2023, where feasible and cost-
19 effective, the design of all new state building construction
20 shall:

21 (1) Maximize energy and water efficiency measures;



- 1 (2) Maximize energy generation potential; and
- 2 (3) Use building materials that reduce the carbon
- 3 footprint of the project.

4 (e) The State shall consider the estimated social cost of
 5 greenhouse gas emissions when designing and constructing new
 6 buildings.

7 (f) As used in this section, "estimated social cost of
 8 greenhouse gas emissions" has the same meaning as in section
 9 269-1."

10 SECTION 5. Section 269-1, Hawaii Revised Statutes, is
 11 amended by adding a new definition to be appropriately inserted
 12 and to read as follows:

13 "Estimated social cost of greenhouse gas emissions" means
 14 the estimated social cost of carbon (SC-CO₂), methane (SC-CH₄),
 15 and nitrous oxide (SC-N₂O) emissions established by the United
 16 States Interagency Working Group on the Social Cost of
 17 Greenhouse Gases."

18 SECTION 6. Statutory material to be repealed is bracketed
 19 and stricken. New statutory material is underscored.

20 SECTION 7. This Act shall take effect on July 1, 3000.



Report Title:

Public Utilities Commission; Utilities; Estimated Social Cost of Greenhouse Gas Emissions

Description:

Requires each regulated electric and gas utility to use the estimated social cost of greenhouse gas emissions established by the United States Interagency Working Group on the Social Cost of Greenhouse Gases in that utility's respective integrated resource planning process. Requires the State to consider the estimated social cost of greenhouse gas emissions in planning new infrastructure and capital improvement projects and when designing and constructing new buildings. Effective 7/1/3000. (HD1)

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