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# 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 Hawaii is an  
2 isolated island chain that is uniquely vulnerable to climate  
3 change. As evidenced by the August 2023 Maui wildfires that  
4 devastated Lahaina and impacted areas of west Maui and other  
5 communities, climate disasters increasingly threaten the State's  
6 well-being.

7           Act 109, Session Laws of Hawaii 2011 (Act 109), amended  
8 section 269-6, Hawaii Revised Statutes, to require the public  
9 utilities commission to explicitly consider the effect of the  
10 State's reliance on fossil fuels in various areas, including  
11 greenhouse gas emissions, in its determinations of the  
12 reasonableness of various costs. When Act 109 was being  
13 considered, the legislature found that "Hawaii is dangerously  
14 reliant on imported fossil fuel, which subjects the State and  
15 residents to greater oil and gas price volatility, increased air  
16 pollution, and potentially harmful climate change due to the  
17 release of harmful greenhouse gases". The committee also found



1 that requiring the commission to factor in the hidden and long-  
2 term costs of the State's detrimental reliance on fossil fuels  
3 when exercising its statutory authority would assist in reducing  
4 the State's reliance on fossil fuels.

5 The purpose of this Act is to require the public utilities  
6 commission to explicitly consider the effect of the State's  
7 reliance on fossil fuels on lifecycle greenhouse gas emissions  
8 and give the commission the discretion to waive a lifecycle  
9 greenhouse gas emissions assessment for energy projects that do  
10 not involve combustion.

11 SECTION 2. Section 269-1, Hawaii Revised Statutes, is  
12 amended by adding a new definition to be appropriately inserted  
13 and to read as follows:

14 ""Lifecycle greenhouse gas emissions assessment" means the  
15 evaluation of potential greenhouse gas emissions over the course  
16 of a product, program, or project's lifetime or stages of  
17 production, construction, operations, and decommissioning, which  
18 includes but is not limited to, as applicable, upstream stages  
19 such as extraction and processing of raw materials,  
20 manufacturing and processing of materials, and transportation;  
21 operations stages such as the use of any fuels or feedstocks and



1 the production of any materials; and downstream stages such as  
2 transportation, decommissioning, recycling, and the final  
3 disposal."

4 SECTION 3. Section 269-6, Hawaii Revised Statutes, is  
5 amended as follows:

6 1. By amending subsections (a) and (b) to read:

7 "(a) The public utilities commission shall have the  
8 general supervision hereinafter set forth over all public  
9 utilities, and shall perform the duties and exercise the powers  
10 imposed or conferred upon it by this chapter. Included among  
11 the general powers of the public utilities commission is the  
12 authority to adopt rules pursuant to chapter 91 necessary for  
13 the purposes of this chapter.

14 (b) The public utilities commission shall consider the  
15 need to reduce the State's reliance on fossil fuels through  
16 energy efficiency and increased renewable energy generation in  
17 exercising its authority and duties under this chapter. In  
18 making determinations of the reasonableness of the costs  
19 pertaining to electric or gas utility system capital  
20 improvements and operations, the public utilities commission



1 shall explicitly consider, quantitatively or qualitatively, the  
2 effect of the State's reliance on fossil fuels on:

- 3 (1) Price volatility;
- 4 (2) Export of funds for fuel imports;
- 5 (3) Fuel supply reliability risk; and
- 6 (4) [~~Greenhouse~~] Lifecycle greenhouse gas emissions[-];  
7 provided that the public utilities commission may  
8 waive the requirement for a lifecycle greenhouse gas  
9 emissions assessment for energy projects that do not  
10 involve combustion.

11 The public utilities commission may determine that short-term  
12 costs or direct costs of renewable energy generation that are  
13 higher than alternatives relying more heavily on fossil fuels  
14 are reasonable, considering the impacts resulting from the use  
15 of fossil fuels. The public utilities commission shall  
16 determine whether such analysis is necessary for proceedings  
17 involving water, wastewater, or telecommunications providers on  
18 an individual basis."

19 2. By amending subsections (d) through (f) to read:

20 "(d) In exercising its authority and duties under this  
21 chapter, the public utilities commission shall consider the



1 costs and benefits of a diverse [~~fossil-fuel~~] portfolio of  
2 energy resources and of maximizing the efficiency of all  
3 electric utility assets to lower and stabilize the cost of  
4 electricity. Nothing in this section shall subvert the  
5 obligation of electric utilities to meet the renewable portfolio  
6 standards set forth in section 269-92.

7 (e) The public utilities commission, in carrying out its  
8 responsibilities under this chapter, shall consider whether the  
9 implementation of one or more of the following economic  
10 incentives or cost recovery mechanisms would be in the public  
11 interest:

12 (1) The establishment of a shared cost savings incentive  
13 mechanism designed to induce a public utility to  
14 reduce energy costs and operating costs and accelerate  
15 the implementation of energy cost reduction practices;

16 (2) The establishment of a renewable energy curtailment  
17 mitigation incentive mechanism to encourage public  
18 utilities to implement curtailment mitigation  
19 practices when lower cost renewable energy is  
20 available but not utilized through the sharing of



1 energy cost savings between the public utility,  
2 ratepayer, and affected renewable energy projects;  
3 (3) The establishment of a stranded cost recovery  
4 mechanism to encourage the accelerated retirement of  
5 an electric utility fossil fuel electric generation  
6 plant by allowing an electric utility to recover the  
7 stranded costs created by early retirement of a fossil  
8 fuel generation plant; and  
9 (4) The establishment of differentiated authorized rates  
10 of return on common equity to encourage increased  
11 utility investments in transmission and distribution  
12 infrastructure, discourage [~~an~~] electric utility  
13 investment in fossil fuel electric generation plants  
14 to incentivize grid modernization, and disincentivize  
15 fossil fuel generation, respectively.  
16 (f) The chairperson of the public utilities commission may  
17 appoint a hearings officer, who shall not be subject to chapter  
18 76, to hear and recommend decisions in any proceeding before it  
19 other than a proceeding involving the rates or any other matters  
20 covered in the tariffs filed by the public utilities. The  
21 hearings officer shall have the power to take testimony, make



1 findings of fact and conclusions of law, and recommend a  
2 decision; provided that the findings of fact, the conclusions of  
3 law, and the recommended decision shall be reviewed and may be  
4 approved by the public utilities commission after notice to the  
5 parties and an opportunity to be heard. The hearings officer  
6 shall have all of the above powers conferred upon the public  
7 utilities commission under section 269-10."

8 SECTION 4. Statutory material to be repealed is bracketed  
9 and stricken. New statutory material is underscored.

10 SECTION 5. This Act shall take effect upon its approval.



**H.B. NO.** 2390  
H.D. 2  
S.D. 1  
C.D. 1

**Report Title:**

PUC; Renewable Energy; Lifecycle Greenhouse Gas Emissions

**Description:**

Requires the Public Utilities Commission to explicitly consider the effect of the State's reliance on fossil fuels on lifecycle greenhouse gas emissions and gives the Public Utilities Commission the discretion to waive a lifecycle greenhouse gas emissions assessment for energy projects that do not involve combustion. (CD1)

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