
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 8, 2023, 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, amended section 269-
8 6, Hawaii Revised Statutes, to require the public utilities
9 commission to explicitly consider the effect of the State's
10 reliance on fossil fuels in various areas, including greenhouse
11 gas emissions, in its determinations of the reasonableness of
12 various costs. When Act 109 was being considered, the members
13 of the house of representatives committee on energy and
14 environmental protection found that "Hawaii is dangerously
15 reliant on imported fossil fuel, which subjects the State and
16 residents to greater oil and gas price volatility, increased air
17 pollution, and potentially harmful climate change due to the



1 release of harmful greenhouse gases." The committee also found
2 that requiring the commission to factor in the hidden and long-
3 term costs of the State's detrimental reliance on fossil fuels
4 when exercising its statutory authority would assist in reducing
5 the State's reliance on fossil fuels.

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

12 SECTION 2. 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 "Lifecycle greenhouse gas emissions assessment" means the
16 method used to estimate the environmental impact of a product,
17 project, or fuel's value chain, which shall include extraction
18 and processing of raw materials, manufacturing and processing of
19 materials, transportation and distribution, lifetime use,
20 recycling, and the final disposal."



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

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

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

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

20 (1) Price volatility;

21 (2) Export of funds for fuel imports;



- 1 (3) Fuel supply reliability risk; and
- 2 (4) [Greenhouse] Lifecycle greenhouse gas emissions[-];
- 3 provided that the public utilities commission may
- 4 require a lifecycle greenhouse gas emissions
- 5 assessment for energy projects that do not involve the
- 6 combustion of fuel.

7 The public utilities commission may determine that short-term

8 costs or direct costs of renewable energy generation that are

9 higher than alternatives relying more heavily on fossil fuels

10 are reasonable, considering the impacts resulting from the use

11 of fossil fuels. The public utilities commission shall

12 determine whether such analysis is necessary for proceedings

13 involving water, wastewater, or telecommunications providers on

14 an individual basis."

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

16 "(d) In exercising its authority and duties under this

17 chapter, the public utilities commission shall consider the

18 costs and benefits of a diverse [~~fossil-fuel~~] portfolio of

19 energy resources and of maximizing the efficiency of all

20 electric utility assets to lower and stabilize the cost of

21 electricity. Nothing in this section shall subvert the



1 obligation of electric utilities to meet the renewable portfolio
2 standards set forth in section 269-92.

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

8 (1) The establishment of a shared cost savings incentive
9 mechanism designed to induce a public utility to
10 reduce energy costs and operating costs and accelerate
11 the implementation of energy cost reduction practices;

12 (2) The establishment of a renewable energy curtailment
13 mitigation incentive mechanism to encourage public
14 utilities to implement curtailment mitigation
15 practices when lower cost renewable energy is
16 available but not utilized through the sharing of
17 energy cost savings between the public utility,
18 ratepayer, and affected renewable energy projects;

19 (3) The establishment of a stranded cost recovery
20 mechanism to encourage the accelerated retirement of
21 an electric utility fossil fuel electric generation



1 plant by allowing an electric utility to recover the
2 stranded costs created by early retirement of a fossil
3 fuel generation plant; and

4 (4) The establishment of differentiated authorized rates
5 of return on common equity to encourage increased
6 utility investments in transmission and distribution
7 infrastructure, discourage an electric utility
8 investment in fossil fuel electric generation plants
9 to incentivize grid modernization, and disincentivize
10 fossil fuel generation, respectively.

11 (f) The chairperson of the public utilities commission may
12 appoint a hearings officer, who shall not be subject to chapter
13 76, to hear and recommend decisions in any proceeding before it
14 other than a proceeding involving the rates or any other matters
15 covered in the tariffs filed by the public utilities. The
16 hearings officer shall have the power to take testimony, make
17 findings of fact and conclusions of law, and recommend a
18 decision; provided that the findings of fact, the conclusions of
19 law, and the recommended decision shall be reviewed and may be
20 approved by the public utilities commission after notice to the
21 parties and an opportunity to be heard. The hearings officer



1 shall have all of the above powers conferred upon the public
2 utilities commission under section 269-10."

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

5 SECTION 5. This Act shall take effect on July 1, 3000.



Report Title:

PUC; Renewable Energy; Lifecycle Greenhouse Gas Emissions

Description:

Requires the PUC to explicitly consider the effect of the State's reliance on fossil fuels on lifecycle greenhouse gas emissions and gives the PUC the discretion to require a lifecycle greenhouse gas emissions assessment for energy projects that do not involve the combustion of fuel.
Effective 7/1/3000. (HD1)

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