
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 members of the house of representatives
14 committee on energy and environmental protection found that
15 "Hawaii is dangerously reliant on imported fossil fuel, which
16 subjects the State and residents to greater oil and gas price
17 volatility, increased air pollution, and potentially harmful



1 climate change due to the release of harmful greenhouse gases".
2 The committee also found that requiring the commission to factor
3 in the hidden and long-term costs of the State's detrimental
4 reliance on fossil fuels when exercising its statutory authority
5 would assist in reducing 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 waive a lifecycle
10 greenhouse gas emissions assessment for energy projects that do
11 not involve combustion.

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



1 operations stages such as the use of any fuels or feedstocks and
2 the production of any materials; and downstream stages such as
3 transportation, decommissioning, recycling, and the final
4 disposal."

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

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

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

15 (b) The public utilities commission shall consider the
16 need to reduce the State's reliance on fossil fuels through
17 energy efficiency and increased renewable energy generation in
18 exercising its authority and duties under this chapter. In
19 making determinations of the reasonableness of the costs
20 pertaining to electric or gas utility system capital
21 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 on July 1, 3000.



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. Effective 7/1/3000. (SD1)

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