

STAND. COM. REP. NO. 3303

Honolulu, Hawaii

MAR 22 2024

RE: H.B. No. 1997
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committees on Commerce and Consumer Protection and Transportation and Culture and the Arts, to which was referred H.B. No. 1997, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO THE INTERISLAND TRANSPORT OF HYDROGEN,"

beg leave to report as follows:

The purpose and intent of this measure is to authorize the Public Utilities Commission to establish a discounted rate by tariff for water carriers that engage in the interisland transport of renewable hydrogen.

Your Committees received testimony in support of this measure from Tigerhsark, LLC and one individual.

Your Committees received testimony in opposition to this measure from 350Hawaii.org.

Your Committees received comments on this measure from the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, Hawaii State Energy Office, Public Utilities Commission, and Hawai'i Gas.

Your Committees find that hydrogen is often promoted as a potential clean fuel of the future due to its lower impact on the



environment. Hydrogen can be burned like oil or gas but releases no climate-warming carbon dioxide. Instead, when consumed in a fuel cell, hydrogen produces only water vapor and warm air. Once produced, hydrogen can be used to power vehicles and generate electricity for communities statewide, making it an important part of the State's plans to achieve its ambitious renewable energy goals. Your Committees therefore find that it is in the State's interest to encourage the production and use of hydrogen as a clean fuel source. This measure will make the cost of transporting hydrogen from island to island more affordable, thereby promoting its use in the State.

Your Committees note the concern raised during the public hearing on this measure that establishing a discounted rate by tariff for hydrogen may cause water carriers to attempt to recover their decreased revenues by raising rates for other cargo types, thus increasing prices for consumers. Your Committees further note that suggestions were made during the public hearing that preferential shipping rates should also be considered for local agricultural producers and the shipment of building materials in support of affordable housing construction. Your Committees find that these concerns merit further consideration and respectfully request that subsequent Committees that may choose to deliberate on this measure further examine these issues as the measure moves through the legislative process.

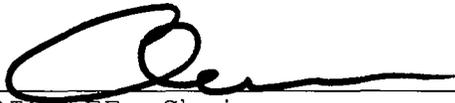
Your Committees have amended this measure by:

- (1) Inserting an effective date of July 1, 2040, to encourage further discussion; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Commerce and Consumer Protection and Transportation and Culture and the Arts that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1997, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1997, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.



Respectfully submitted on
behalf of the members of the
Committees on Commerce and
Consumer Protection and
Transportation and Culture and
the Arts,



CHRIS LEE, Chair



JARRETT KEOHOKALOLE, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Transportation and Culture and the Arts
TCA

Bill / Resolution No.:* HB 1997 HD1	Committee Referral: CPN/TCA, WAM	Date: 3-19-2024		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
LEE, Chris (C)	✓			
INOUYE, Lorraine R. (VC)		✓		
ELEFANTE, Brandon J.C.	✓			
KANUHA, Dru Mamo				✓
AWA, Brenton	✓			
TOTAL	3	1		1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes