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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 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 (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 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 evaluation of potential greenhouse gas emissions over the course  
17 of a project's lifetime or stages of the production and use of a  
18 fuel, which includes, as applicable, upstream stages such as  
19 extraction and processing of raw materials, manufacturing and  
20 processing of materials, and transportation; operations; and



1 downstream stages such as transportation, decommissioning,  
2 recycling, and the final disposal."

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

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

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

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



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

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

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

19 "(d) In exercising its authority and duties under this  
20 chapter, the public utilities commission shall consider the  
21 costs and benefits of a diverse [~~fossil fuel~~] portfolio of of



1 energy resources and of maximizing the efficiency of all  
2 electric utility assets to lower and stabilize the cost of  
3 electricity. Nothing in this section shall subvert the  
4 obligation of electric utilities to meet the renewable portfolio  
5 standards set forth in section 269-92.

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

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

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



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



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

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

8 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. (HD2)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

