

STAND. COM. REP. NO.

1268

Honolulu, Hawaii

, 2025

MAR 14

RE: S.B. No. 897
S.D. 3
H.D. 1

Honorable Nadine K. Nakamura
Speaker, House of Representatives
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Madame:

Your Committee on Energy & Environmental Protection, to which
was referred S.B. No. 897, S.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish the Wildfire Liability Trust Fund;
- (2) Authorize securitization for electric utilities;
- (3) Clarify the authority of the Hawaii Electricity Reliability Administrator over the collection and recovery of costs under the Hawaii Electricity Reliability Surcharge; and
- (4) Require the Public Utilities Commission to establish standards that require each electric utility company to remove from the rate base a commensurate amount of costs related to fossil fuel resources when adding new or converted firm renewable energy sources.

Your Committee received testimony in support of this measure
from Ulupono Initiative; AES Hawai'i; Plus Power; Sustainable

2025-2657 SB897 HD1 HSCR HMSO



Energy Hawai'i; Kapolei Chamber of Commerce; International Brotherhood of Electrical Workers Local 1260; Par Hawaii; Land Use Research Foundation of Hawaii; Hawaiian Electric; Clearway Energy Group; Chamber of Commerce of Hawaii; and Hawai'i Island Chamber of Commerce. Your Committee received testimony in opposition to this measure from the Hawai'i Regional Council of Carpenters and Hawaii Association for Justice. Your Committee received comments on this measure from the Office of the Governor; Department of Commerce and Consumer Affairs; Department of the Attorney General; Public Utilities Commission; Hawaii Insurers Council; Life of the Land; Kaua'i Island Utility Cooperative; Hawaiian Telcom; Hawai'i Farm Bureau; and Charter Communications.

Your Committee finds that the risk of wildfires has increased due to climate change and that there is a need to ensure that proper financing mechanisms are in place to mitigate the economic impact of wildfires on public utilities and ratepayers. Your Committee recognizes the financial burden being placed on ratepayers as drafted in the S.D. 3 version of this measure.

Accordingly, your Committee has amended this measure by:

- (1) Removing the Wildfire Liability Trust Fund and establishing a limit on aggregate liability for economic damages from catastrophic wildfires;
- (2) Amending the authorization of securitization, limiting it to the costs of implementation of wildfire mitigation plans and other investments in infrastructure improvements, modernization, and replacements needed to reduce risk and increase reliability and resiliency;
- (3) Deleting language related to the Hawaii Electricity Reliability Administrator and renewable portfolio standards;
- (4) Changing the effective date to July 1, 3000, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to



this report, your Committee is in accord with the intent and purpose of S.B. No. 897, S.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 897, S.D. 3, H.D. 1, and be referred to your Committees on Consumer Protection & Commerce and Judiciary & Hawaiian Affairs.

Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,



NICOLE E. LOWEN, Chair



