
A BILL FOR AN ACT

RELATING TO ENERGY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that Hawaii faces the
2 highest cost of living in the nation, with energy prices playing
3 a significant role in driving that burden for residents and
4 businesses alike. The State's continued reliance on imported
5 fuels leaves it acutely exposed to sudden and significant price
6 fluctuations driven by forces beyond its control, including
7 global conflicts, shifting international political dynamics, and
8 natural disasters. These external pressures can rapidly
9 increase the cost of fuel imports, placing immediate and
10 substantial financial strain on Hawaii's households and economy.

11 The legislature further finds that at the same time, the
12 development of local renewable energy resources has already
13 demonstrated a pathway toward greater affordability and
14 stability. Renewable projects are now among the lowest-cost
15 sources of electricity on the grid, and the cost of technologies
16 such as solar generation and battery storage has declined
17 dramatically over the past decade while continuing to improve in



1 performance, duration, and scalability. Advances in long-
2 duration energy storage, including those using more abundant and
3 cost-effective materials, further expand the potential for
4 reliable, scalable, locally sourced energy.

5 The legislature additionally finds that other
6 jurisdictions, including California, have shown that large-scale
7 deployment of renewable energy and advanced storage can improve
8 grid reliability while reducing exposure to volatile fuel
9 markets. Hawaii's laws and policies similarly direct state
10 energy planning to increase energy security and self-sufficiency
11 by reducing and ultimately eliminating dependence on imported
12 fuels for electrical generation.

13 Act 97, Session Laws of Hawaii 2015, established a
14 requirement of one hundred per cent renewable energy by 2045 in
15 recognition that Hawaii's dependence on imported fuel drains
16 billions of dollars annually from the State's economy and that
17 transitioning to local renewable resources is essential to long-
18 term affordability and economic stability. In addition, prior
19 decisions of the public utilities commission and the courts have
20 emphasized the State's obligation to protect ratepayers from



1 imprudent costs and to pursue least-cost, least-risk energy
2 strategies.

3 Despite this direction, the legislature finds that recent
4 analyses of future energy pathways have raised substantial
5 concerns regarding the assumptions, methodologies, and treatment
6 of costs. Questions have emerged as to whether certain analyses
7 have omitted key cost components, made unsupportable
8 assumptions, or failed to meaningfully evaluate renewable
9 alternatives. Some studies have narrowly focused on fuel
10 substitution rather than undertaking a comprehensive assessment
11 of all viable pathways, potentially overlooking options that
12 could deliver greater cost savings and reduced financial risk.

13 Hawaii's ongoing dependence on imported fuels continues to
14 expose residents to price volatility, increasing costs for
15 families and businesses while exporting billions of dollars
16 annually from the State's economy. In light of these challenges
17 and opportunities, the legislature finds that a thorough and
18 independent evaluation of the full range of available energy
19 pathways is a necessary undertaking.

20 Accordingly, the purpose of this Act is to require the
21 public utilities commission to conduct a comprehensive,



1 independent analysis to identify the energy pathways that will
2 best reduce costs and minimize financial risk for Hawaii
3 residents while meeting the State's established energy goals.

4 SECTION 2. (a) The public utilities commission shall open
5 a docketed proceeding no later than September 1, 2026, to
6 conduct a comprehensive, objective, and independent analysis of
7 the State's energy pathways.

8 (b) The analysis shall identify the best potential paths
9 for Hawaii to maximize cost reduction and minimize financial
10 risk to residents for energy services while meeting established
11 state energy goals and maintaining reliability for the period
12 from July 1, 2026, through 2055, including consideration of
13 costs and savings extending beyond 2045.

14 (c) The public utilities commission shall ensure that the
15 analysis:

16 (1) Evaluates multiple energy pathways, including but not
17 limited to renewable energy, energy storage, energy
18 efficiency, and imported fuel scenarios;

19 (2) Accounts for total system costs, including capital
20 costs, fuel costs, operating costs, and long-term
21 ratepayer impacts;



- 1 (3) Assesses exposure to fuel price volatility and other
- 2 financial risks;
- 3 (4) Evaluates the risk of stranded assets associated with
- 4 major infrastructure investments;
- 5 (5) Incorporates consideration of reliability and
- 6 resilience, including performance during extreme
- 7 events and natural disasters; and
- 8 (6) Is designed to avoid undue limitations or assumptions
- 9 that could artificially constrain the scope of
- 10 potential solutions.
- 11 (d) The analysis shall, at a minimum, consider the latest
- 12 strategies, technologies, and innovations being developed or
- 13 deployed in Hawaii and in other jurisdictions that may improve
- 14 affordability, reduce financial risk, and enhance system
- 15 performance, including long-duration energy storage and other
- 16 emerging solutions.
- 17 (e) The public utilities commission shall release draft
- 18 assumptions and preliminary modeling results for public comment
- 19 within one hundred eighty days of opening the proceeding.



1 (f) The public utilities commission shall contract with
2 and engage independent experts as necessary to carry out the
3 purposes of this Act.

4 (g) The public utilities commission shall ensure that the
5 methodologies, assumptions, data inputs, and results of each
6 analysis are transparent and made publicly available to the
7 extent practicable.

8 (h) The public utilities commission shall submit a report
9 of its findings and recommendations, including any proposed
10 legislation, to the legislature no later than twenty days prior
11 to the convening of the regular session of 2028.

12 SECTION 3. This Act shall take effect on July 1, 2026.



Report Title:

PUC; Docketed Proceeding; Study; Energy Pathways

Description:

Requires the Public Utilities Commission to open a docketed proceeding no later than September 1, 2026, to conduct a comprehensive, objective, and independent analysis of the State's energy pathways. (HD1)

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