

**ACT 107**

S.B. NO. 2196

A Bill for an Act Relating to Energy.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. The purpose of this Act is to:

- (1) Re-establish the energy systems development special fund, which was repealed on June 30, 2013, to be funded in part by revenues collected from the environmental response, energy, and food security tax; and
- (2) Extend the allocation of revenues collected from the environmental response, energy, and food security tax to various special funds from June 30, 2015, to June 30, 2030.

SECTION 2. Chapter 304A, Hawaii Revised Statutes, is amended by adding three new sections to be appropriately designated and to read as follows:

**“§304A-A Energy systems development special fund.** (a) There is established the energy systems development special fund for the purpose of developing an integrated approach to and portfolio management of renewable energy and energy efficiency technology projects that will reduce Hawaii’s dependence on fossil fuel, imported oil, and other imported energy resources and move Hawaii toward energy self-sufficiency.

- (b) Deposits into the special fund may be from the following:
  - (1) Appropriations from the legislature;
  - (2) A portion of the environmental response, energy, and food security tax pursuant to section 243-3.5; and
  - (3) Investment earnings, gifts, donations, or other income received by the Hawaii natural energy institute.
- (c) The Hawaii natural energy institute shall administer the special fund and may expend revenues of the special fund for the following activities:
  - (1) Obtaining matching funds from federal and private sources for research, development, and demonstration of renewable energy sources;
  - (2) Awarding contracts or grants to develop and deploy technologies that will reduce Hawaii’s dependence on imported energy resources and imported oil. Projects may be commissioned that:
    - (A) Balance the risk, benefits, and time horizons of the investment to ensure tangible benefits to the Hawaii consumer, with priority given to short-term technology development;
    - (B) Emphasize innovative and renewable energy supply and energy efficient end use technologies focusing on environmental attributes, reliability, and affordability;
    - (C) Enhance transmission and distribution capabilities of renewable energy supply for electricity;
    - (D) Enhance reliability and storage capabilities of renewable energy for electricity;
    - (E) Ensure that research, deployment, and demonstration efforts build on existing programs and resources and are not duplicated;
    - (F) Address critical technical and scientific barriers to achieving energy self-sufficiency by reducing dependence on imported oil and imported energy resources;
    - (G) Ensure that technology used and developed for renewable energy production and distribution will be commercially viable; and
    - (H) Give priority to resources that are indigenous and unique to Hawaii; and
  - (3) Managing the portfolio of projects commissioned under this subsection.

**§304A-B Periodic evaluation.** (a) Evaluations shall be conducted of the projects and activities funded by the energy systems development special fund. Using objective criteria, the evaluation shall assess the degree to which the projects and activities comport with and achieve the stated objectives of the energy systems development special fund pursuant to section 304A-A.

(b) The initial evaluation shall be conducted beginning July 1, 2017, and every three years thereafter by a two-person panel of independent energy and environmental technical experts who shall be appointed by the director of business, economic development, and tourism and who shall not be affiliated with the Hawaii natural energy institute. The panel shall submit a report of the findings and recommendations of each evaluation to the legislature no later than twenty days prior to the convening of the following regular session. The Hawaii natural energy institute shall cooperate with and provide support to the evaluation panel.

**§304A-C Plan of action.** Prior to the initiation of any projects or activities authorized by section 304A-A, the Hawaii natural energy institute shall develop a plan of action in coordination with the state energy resources coordinator with the intent of promoting effective prioritization and focusing of efforts consistent with the State's energy programs.”

SECTION 3. Act 73, Session Laws of Hawaii 2010, is amended as follows:

1. By amending section 10 to read:

“SECTION 10. Any unexpended or unencumbered funds remaining in the agricultural development and food security special fund established by this Act, as of the close of business on June 30, [~~2015,~~] 2030, shall lapse to the credit of the general fund.”

2. By amending section 14 to read:

“SECTION 14. This Act shall take effect on July 1, 2010; provided that sections 2, 3, 4, and 7 of this Act shall be repealed on June 30, [~~2015,~~] 2030, and sections 128D-2, 201-12.8, and 243-3.5, Hawaii Revised Statutes, shall be reenacted in the form in which they read on June 30, 2010.”

SECTION 4. In codifying the new sections added to chapter 304A, Hawaii Revised Statutes, by section 2 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating and referring to the new sections in this Act.

SECTION 5. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.<sup>1</sup>

SECTION 6. This Act shall take effect on July 1, 2014.

(Approved June 20, 2014.)

**Note**

1. Edited pursuant to HRS §23G-16.5.