

ACT 97

H.B. NO. 623

A Bill for an Act Relating to Renewable Standards.

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

SECTION 1. The legislature finds that Hawaii's dependency on imported fuel drains the State's economy of billions of dollars each year. A stronger local economy depends on a transition away from imported fuels and toward renewable local resources that provide a secure source of affordable energy.

The legislature further finds that alternative energy technologies have advanced significantly in recent years, leading to an explosion of new markets, jobs, and local energy sources. Due to these and other advances, Hawaii is currently ahead of its timeline in reaching its goal of becoming forty per cent renewable by 2030.

The legislature also finds that Hawaii is in a period of energy transition, with many long-term agreements soon to be executed for new forms of imported fuels that may act as temporary "bridge" fuels until local sources of renewable energy can be developed.

The purpose of this Act is to update and extend Hawaii's clean energy initiative and renewable portfolio standards to ensure maximum long-term benefit to Hawaii's economy by setting a goal of one hundred per cent renewable by 2045; provided that extending the renewable portfolio standard goals and transition to energy independence beyond 2030 shall be undertaken in a manner that benefits Hawaii's economy and all electric customers, maintains customer affordability, and does not induce renewable energy developers to artificially increase the price of renewable energy in Hawaii. This target will ensure that Hawaii moves beyond its dependence on imported fuels and continues to grow a local renewable energy industry.

SECTION 2. Section 269-92, Hawaii Revised Statutes, is amended as follows:

1. By amending subsection (a) to read:
 - “(a) Each electric utility company that sells electricity for consumption in the State shall establish a renewable portfolio standard of:
 - (1) Ten per cent of its net electricity sales by December 31, 2010;

- (2) Fifteen per cent of its net electricity sales by December 31, 2015;
 - (3) ~~[Twenty-five]~~ Thirty per cent of its net electricity sales by December 31, 2020; ~~and~~
 - (4) Forty per cent of its net electricity sales by December 31, 2030~~[-];~~
 - (5) Seventy per cent of its net electricity sales by December 31, 2040; and
 - (6) One hundred per cent of its net electricity sales by December 31, 2045.”
2. By amending subsection (d) to read:
- “(d) Events or circumstances that are outside of an electric utility company’s reasonable control may include, to the extent the event or circumstance could not be reasonably foreseen and ameliorated:
- (1) Weather-related damage;
 - (2) Natural disasters;
 - (3) Mechanical or resource failure;
 - (4) Failure of renewable electrical energy producers to meet contractual obligations to the electric utility company;
 - (5) Labor strikes or lockouts;
 - (6) Actions of governmental authorities that adversely affect the generation, transmission, or distribution of renewable electrical energy under contract to an electric utility company;
 - (7) Inability to acquire sufficient renewable electrical energy due to lapsing of tax credits related to renewable energy development;
 - (8) Inability to obtain permits or land use approvals for renewable electrical energy projects;
 - (9) Inability to acquire sufficient cost-effective renewable electrical energy;
 - (10) Inability to acquire sufficient renewable electrical energy to meet the renewable portfolio standard goals beyond 2030 in a manner that is beneficial to Hawaii’s economy in relation to comparable fossil fuel resources;
 - ~~(11)~~ (11) Substantial limitations, restrictions, or prohibitions on utility renewable electrical energy projects; and
 - ~~(12)~~ (12) Other events and circumstances of a similar nature.”

SECTION 3. Section 269-95, Hawaii Revised Statutes, is amended to read as follows:

“**§269-95 Renewable portfolio standards study.** The public utilities commission shall:

- (1) By December 31, 2007, develop and implement a utility ratemaking structure, which may include performance-based ratemaking, to provide incentives that encourage Hawaii’s electric utility companies to use cost-effective renewable energy resources found in Hawaii to meet the renewable portfolio standards established in section 269-92, while allowing for deviation from the standards in the event that the standards cannot be met in a cost-effective manner or as a result of events or circumstances, such as described in section 269-92(d), beyond the control of the electric utility company that could not have been reasonably anticipated or ameliorated;
- (2) Gather, review, and analyze empirical data to:
 - (A) Determine the extent to which any proposed utility ratemaking structure would impact electric utility companies’ profit margins; and

- (B) Ensure that the electric utility companies' opportunity to earn a fair rate of return is not diminished;
- (3) Use funds from the public utilities special fund to contract with the Hawaii natural energy institute of the University of Hawaii to conduct independent studies to be reviewed by a panel of experts from entities such as the United States Department of Energy, National Renewable Energy Laboratory, Electric Power Research Institute, Hawaii electric utility companies, environmental groups, and other similar institutions with the required expertise. These studies shall include findings and recommendations regarding:
- (A) The capability of Hawaii's electric utility companies to achieve renewable portfolio standards in a cost-effective manner and shall assess factors such as:
- (i) The impact on consumer rates;
 - (ii) Utility system reliability and stability;
 - (iii) Costs and availability of appropriate renewable energy resources and technologies[.], including the impact of renewable portfolio standards, if any, on the energy prices offered by renewable energy developers;
 - (iv) Permitting approvals;
 - (v) Effects on the economy;
 - (vi) Balance of trade, culture, community, environment, land, and water;
 - (vii) Climate change policies;
 - (viii) Demographics; ~~and~~
 - (ix) Cost of fossil fuel volatility; and
 - ~~(x)~~ (x) Other factors deemed appropriate by the commission; and
- (B) Projected renewable portfolio standards to be set five and ten years beyond the then current standards;
- (4) Evaluate the renewable portfolio standards every five years, beginning in 2013, and may revise the standards based on the best information available at the time to determine if the standards established by section 269-92 remain effective and achievable; and
- (5) Report its findings and revisions to the renewable portfolio standards, based on its own studies and other information, to the legislature no later than twenty days before the convening of the regular session of 2014, and every five years thereafter."

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

SECTION 5. This Act shall take effect on July 1, 2015.

(Approved June 8, 2015.)