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# A BILL FOR AN ACT

RELATING TO PUBLIC UTILITIES.

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

1           SECTION 1. The legislature finds that public utilities in  
2 Hawaii are required to meet renewable portfolio standards.  
3 These standards require twenty per cent of each electric  
4 utility's sales to come from renewable energy by 2020. The  
5 Hawaii Clean Energy Initiative proposes to increase this  
6 renewable energy requirement to forty per cent by 2030.  
7 Additionally, the Hawaii Constitution identifies increased  
8 agricultural self-sufficiency as being in the public interest.

9           The legislature also finds that renewable energy creates  
10 the maximum benefit to the State when it is locally produced.  
11 Renewable energy sources that complement the production of  
12 agricultural products are especially desirable. These sources  
13 provide for food and fiber self-sufficiency while also providing  
14 electricity. It is in the interest of the State to encourage  
15 the synergy between agricultural production and renewable energy  
16 production.

17           The legislature finds that renewable energy produced in  
18 conjunction with agricultural activities may include, but is not

1 limited to, energy generated or produced by a farming operation  
2 as defined in section 165-2, Hawaii Revised Statutes, primarily  
3 using biomass, hydropower, or other non-fossil fuel sources  
4 where a portion of the energy produced is used as the primary  
5 power source for the farming operation.

6 The legislature further finds that preferential rates for  
7 electrical energy produced in conjunction with agricultural  
8 activities, including compensation to agricultural energy  
9 producers for their costs and a reasonable return on investment,  
10 will support the long-term viability of renewable energy  
11 produced by agricultural producers. The legislature concludes  
12 that this will serve two policy goals of the State:

- 13 (1) Increased energy self sufficiency; and  
14 (2) Increased agricultural sustainability.

15 The purpose of this Act is to authorize and encourage the  
16 establishment of preferential rates for renewable energy  
17 produced in conjunction with agricultural activities.

18 SECTION 2. Chapter 269, Hawaii Revised Statutes, is  
19 amended by adding a new section to be appropriately designated  
20 and to read as follows:

21 **"§269- Preferential renewable energy rates; agricultural**  
22 **activities.** It is the policy of the State to promote the long-

1 term viability of agriculture by establishing mechanisms that  
2 provide for preferential rates for the purchase of renewable  
3 energy produced in conjunction with agricultural activities.  
4 The public utilities commission shall have the authority to  
5 establish preferential rates for the purchase of renewable  
6 energy produced in conjunction with agricultural activities.

7 Upon receipt of a bona fide request for preferential rates  
8 for the purchase of renewable energy produced in conjunction  
9 with agricultural activities, and proof that the renewable  
10 energy is produced in conjunction with agricultural activities,  
11 a public utility shall forward the request for preferential  
12 rates to the public utilities commission for approval."

13 SECTION 3. New statutory material is underscored.

14 SECTION 4. This Act shall take effect upon its approval.

**Report Title:**

Renewable Energy; Agricultural Activities; Preferential Rates

**Description:**

Authorizes preferential rates for the purchase of renewable energy produced in conjunction with agricultural activities.  
(SD2)