

JAN 26 2011

A BILL FOR AN ACT

RELATING TO ENERGY.

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

- 1 SECTION 1. Section 227D-3, Hawaii Revised Statutes, is
2 amended to read as follows:
- 3 "**§227D-3 Powers of the authority.** The authority may:
- 4 (1) Sue and be sued;
- 5 (2) Have a seal and alter the same at its pleasure;
- 6 (3) Promote the use of the geothermal energy and natural
7 resources sites for the purposes provided by law;
- 8 (4) Through its executive director appoint officers,
9 agents and employees without regard to chapter 76 and
10 to establish the salaries therefor;
- 11 (5) Adopt rules under chapter 91 necessary to effectuate
12 this chapter in connection with its operation,
13 facilities, parks, properties, and projects;
- 14 (6) Make, execute, enter into, amend, supplement, and
15 carry out contracts and all other instruments,
16 including concessions for cell towers, necessary or
17 convenient for the exercise of its powers and
18 functions under this chapter with any private person,



1 firm, partnership, association, company, or
2 corporation only as it may be necessary in the conduct
3 of its business and on such terms as it may deem
4 appropriate; provided that the authority shall not
5 obligate any funds of the State except as have been
6 appropriated to it. Notwithstanding the foregoing,
7 the authority may enter into and perform such
8 contracts, leases, cooperative agreements, or other
9 transactions with any agency or instrumentality of the
10 United States, a foreign nation, a state, a territory,
11 or a possession, or with any political subdivision
12 thereof;

13 (7) Accept, hold, or expend gifts or grants in any form
14 from any public agency or private source, or from any
15 other source;

16 (8) Impose and collect fees pertaining to the use of
17 properties and facilities of the authority;

18 (9) Formulate budgets to provide for the operation of the
19 facilities of the authority;

20 (10) Submit an annual report to the governor and the
21 legislature at least twenty days prior to the
22 convening of each regular session;



- 1 (11) Acquire, own, lease, hold, clear, improve, and
2 rehabilitate real, personal, or mixed property and
3 assign, exchange, transfer, convey, lease, sublease,
4 or encumber any project including by way of easements;
- 5 (12) Construct, reconstruct, rehabilitate, improve, alter,
6 or repair, or provide for the construction,
7 reconstruction, rehabilitation, improvement,
8 alteration, or repair of any project and designate a
9 qualified person as its agent for this purpose, and
10 own, hold, assign, transfer, convey, exchange, lease,
11 sublease, or encumber any project;
- 12 (13) Arrange or initiate appropriate action for the
13 planning, replanning, opening, grading, or closing of
14 streets, roads, roadways, alleys, easements, or other
15 places, the furnishings or improvements, the
16 acquisition of property or property rights, or the
17 furnishing of property or services in connection with
18 a research and technology park;
- 19 (14) Prepare or cause to be prepared plans, specifications,
20 designs, and estimates of cost for the construction,
21 reconstruction, rehabilitation, improvement,
22 alteration, or repair of any project or research and



1 technology park, and from time to time, modify these
2 plans, specifications, designs, or estimates;

3 (15) Engage the services of consultants on a contractual
4 basis for rendering professional and technical
5 assistance and advice;

6 (16) Procure insurance against any loss in connection with
7 its properties and other assets and operations in
8 amounts and from insurers as it deems desirable;

9 (17) Issue bonds pursuant to this chapter in principal
10 amounts as may be authorized from time to time by law
11 to finance the cost of a project, including the repair
12 or addition to its parks and facilities as authorized
13 by law and to provide for the security thereof as
14 permitted by this chapter;

15 (18) Lend or otherwise apply the proceeds of the bonds
16 issued for a project or a research and technology park
17 either directly or through a trustee or a qualified
18 person for use and application in the acquisition,
19 construction, installation, or modification of a
20 project or research and technology park, or agree with
21 the qualified person whereby any of these activities
22 shall be undertaken or supervised by that qualified



1 person or by a person designated by the qualified
2 person;

3 (19) With or without terminating a project agreement,
4 exercise any and all rights provided by law for entry
5 and re-entry upon or to take possession of a project
6 at any time or from time to time upon breach or
7 default by a qualified person under a project
8 agreement;

9 (20) Create an environment that supports appropriate
10 natural resource utilization and results in economic
11 development, including:

12 (A) Supporting research projects and facilitating the
13 transition from research and development to pilot
14 scale and then to full commercial operation of
15 companies using the natural resources available
16 at the research and technology parks;

17 (B) Developing educational and conservation programs;

18 (C) Supporting commercialization of the natural
19 resources available at the research and
20 technology parks, if the commercialization is
21 compatible with the research, development, and



1 other retail, commercial, and tourism activities
2 of the research and technology parks;

3 (D) Identifying issues and impediments to the
4 development of natural resource utilization; and

5 (E) Providing policy analysis and information
6 important to the development of natural resource
7 utilization in Hawaii;

8 (21) Develop programs that support projects and companies
9 which locate at the research and technology parks;

10 (22) Attract appropriate new uses of the natural resources
11 in Hawaii, including retail, commercial, and tourism
12 activities;

13 (23) Acquire, hold, and sell qualified securities; provided
14 that the authority shall not acquire qualified
15 securities using authority funds or capital or moneys
16 of the natural energy laboratory of Hawaii authority
17 special fund; provided further that the authority
18 shall not acquire, hold, or sell qualified securities
19 of its tenants without first obtaining the approval of
20 the board by a simple majority vote in each case
21 considered. The acquisition and sale of qualified



1 securities shall be detailed in the annual report of
2 the natural energy laboratory of Hawaii authority;
3 (24) Accept donations, grants, bequests, and devises of
4 money, property, services, or other things of value
5 that may be received from the United States or any
6 agency thereof, any governmental agency, or any public
7 or private institution, person, firm, or corporation,
8 to be held, used, or applied for any or all of the
9 purposes specified in this chapter. Receipt of each
10 donation, grant, bequest, or devise shall be detailed
11 in the annual report of the natural energy laboratory
12 of Hawaii authority. The report shall include the
13 identity of the donor or grantor, the nature of the
14 transaction, and any conditions attaching thereto;
15 [and]

16 (25) Provide support to the Hawaii natural energy institute
17 established pursuant to section 304A-1891; and

18 [~~(25)~~] (26) Do any or all other acts reasonably necessary to
19 carry out the purposes of the authority."

20 SECTION 2. Section 269-95, Hawaii Revised Statutes, is
21 amended to read as follows:



1 "§269-95 Renewable portfolio standards study. The public
2 utilities commission shall:

3 (1) By December 31, 2007, develop and implement a utility
4 ratemaking structure, which may include performance-
5 based ratemaking, to provide incentives that encourage
6 Hawaii's electric utility companies to use cost-
7 effective renewable energy resources found in Hawaii
8 to meet the renewable portfolio standards established
9 in section 269-92, while allowing for deviation from
10 the standards in the event that the standards cannot
11 be met in a cost-effective manner or as a result of
12 events or circumstances, such as described in section
13 269-92(d), beyond the control of the utility that
14 could not have been reasonably anticipated or
15 ameliorated;

16 (2) Gather, review, and analyze empirical data to:
17 (A) Determine the extent to which any proposed
18 utility ratemaking structure would impact
19 electric utility companies' profit margins; and
20 (B) Ensure that the electric utility companies'
21 opportunity to earn a fair rate of return is not
22 diminished;



1 (3) Use funds from the public utilities special fund to
2 contract with the Hawaii natural energy institute of
3 the University of Hawaii at Hilo to conduct
4 independent studies to be reviewed by a panel of
5 experts from entities such as the United States
6 Department of Energy, National Renewable Energy
7 Laboratory, Electric Power Research Institute, Hawaii
8 electric utility companies, environmental groups, and
9 other similar institutions with the required
10 expertise. These studies shall include findings and
11 recommendations regarding:

12 (A) The capability of Hawaii's electric utility
13 companies to achieve renewable portfolio
14 standards in a cost-effective manner and shall
15 assess factors such as:

16 (i) The impact on consumer rates;

17 (ii) Utility system reliability and stability;

18 (iii) Costs and availability of appropriate
19 renewable energy resources and technologies;

20 (iv) Permitting approvals;

21 (v) Effects on the economy;



- 1 (vi) Balance of trade, culture, community,
- 2 environment, land, and water;
- 3 (vii) Climate change policies;
- 4 (viii) Demographics; and
- 5 (ix) Other factors deemed appropriate by the
- 6 commission; and
- 7 (B) Projected renewable portfolio standards to be set
- 8 five and ten years beyond the then current
- 9 standards;
- 10 (4) Evaluate the renewable portfolio standards every five
- 11 years, beginning in 2013, and may revise the standards
- 12 based on the best information available at the time to
- 13 determine if the standards established by section 269-
- 14 92 remain effective and achievable; and
- 15 (5) Report its findings and revisions to the renewable
- 16 portfolio standards, based on its own studies and
- 17 other information to the legislature no later than
- 18 twenty days before the convening of the regular
- 19 session of 2014, and every five years thereafter."

20 SECTION 3. Section 304A-1891, Hawaii Revised Statutes, is
21 amended to read as follows:



1 "~~[+]§304A-1891[+]~~ Hawaii natural energy institute;
2 **structure; function.** (a) There is established the Hawaii
3 natural energy institute at the University of Hawaii~~[-]~~ at Hilo.
4 The institute shall be administered by a director to be
5 appointed by the ~~[board of regents upon recommendation by the~~
6 ~~president.]~~ chancellor of the University of Hawaii at Hilo in
7 consultation with the president of the University of Hawaii.
8 The director of the institute shall appoint the professional
9 members of the staff and other employees. The ~~[president and~~
10 ~~board of regents]~~ chancellor shall have the same powers over the
11 institute and its staff as over ~~[the university and its~~
12 ~~facilities.]~~ the University of Hawaii at Hilo.

13 (b) The director of the institute shall coordinate the
14 institute's work with the energy resources coordinator in
15 carrying out duties pursuant to section 196-4 in the area of
16 research and development of renewable energy sources.

17 (c) The institute shall:

18 (1) Develop renewable sources of energy for power
19 generation and transportation fuels by working in
20 coordination with state agencies, federal agencies,
21 and private entities;



- 1 (2) Conduct research and development of renewable sources
2 of energy;
- 3 (3) Demonstrate and deploy efficient energy end-use
4 technologies, including those that address peak
5 electric demand issues;
- 6 (4) Aggressively seek matching funding from federal
7 agencies and private entities for its research and
8 development and demonstration activities; ~~and~~
- 9 (5) Report annually to the legislature, no later than
10 twenty days prior to the convening of each regular
11 session, on its activities, expenditures, contracts
12 developed, advances in technology, its work in
13 coordination with state agencies and programs, and
14 recommendations for proposed legislation~~[-]~~ and;
- 15 (6) Establish a research station at the natural energy
16 laboratory of Hawaii authority ocean science and
17 technology park."

18 SECTION 4. Section 304A-1892, Hawaii Revised Statutes, is
19 amended by amending subsection (a) to read as follows:

20 "(a) The institute shall establish an advisory council of
21 seven members, appointed by the ~~[president]~~ chancellor of the
22 University of Hawaii at Hilo from a list of nominees submitted



1 by the director of the institute and the energy resources
 2 coordinator of the department of business, economic development,
 3 and tourism. The members of the advisory council shall be from
 4 the general public, the energy industry, technology providers,
 5 state agencies whose primary functions relate to energy planning
 6 and policy analyses, and environmental groups, or other relevant
 7 stakeholder representatives as recommended by the director of
 8 the institute and the energy resources coordinator. Members
 9 shall be selected on the basis of their proven expertise and
 10 interest in the field of renewable energy. The director of the
 11 institute and the energy resources coordinator shall serve as ex
 12 officio nonvoting members of the advisory council."

13 SECTION 5. Statutory material to be repealed is bracketed
 14 and stricken. New statutory material is underscored.

15 SECTION 6. This Act shall take effect upon its approval.

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INTRODUCED BY: _____

Melanie J. ...
Clarence ...
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[Signature]
Daniel ...
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Al ...



Report Title:

Hawaii Natural Energy Institute; Natural Energy Laboratory of Hawaii Authority

Description:

Transfers authority over the Hawaii natural energy institute (HNEI) from the University of Hawaii to the University of Hawaii at Hilo. Establishes a HNEI research station at the natural energy laboratory of Hawaii authority ocean science and technology park.

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