
A BILL FOR AN ACT

RELATING TO RENEWABLE STANDARDS.

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

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

6 The legislature further finds that alternative energy
7 technologies have advanced significantly in recent years, leading
8 to an explosion of new markets, jobs, and local energy sources.
9 Due to these and other advances, Hawaii is currently ahead of its
10 timeline in reaching its goal of becoming 40 per cent renewable
11 by 2030.

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

17 The purpose of this Act is to update and extend Hawaii's
18 clean energy initiative and renewable portfolio standards to
19 ensure maximum long-term benefit to Hawaii's economy by setting a



1 goal of 100 per cent renewable by 2040; provided that extending
2 the renewable portfolio standard goals and transition to energy
3 independence beyond 2030 shall be undertaken in a manner that
4 benefits Hawaii's economy and all electric customers, maintains
5 customer affordability, and does not induce renewable energy
6 developers to artificially increase the price of renewable energy
7 in Hawaii. This target will ensure that Hawaii moves beyond its
8 dependence on imported fuels and continues to grow a local
9 renewable energy industry. In addition, this Act ensures that
10 electricity from on-site generation not purchased from an
11 electric utility, both on-grid and off-grid, is subject to the
12 same renewable standards as electricity generated by electric
13 utilities.

14 SECTION 2. Section 269-91, Hawaii Revised Statutes, is
15 amended by adding a new definition to be appropriately inserted
16 and to read as follows:

17 "Large self-generator" means any person or entity who owns
18 or operates on-grid or off-grid electricity-generating equipment
19 with a generating capacity of 500 kilowatts or more, except for
20 equipment owned or operated by an electric utility or an
21 independent power producer for the purpose of generating
22 electricity for sale to an electric utility."



1 SECTION 3. Section 269-92, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "~~§269-92~~ **Renewable portfolio standards~~[-]~~ for electric**
4 **utilities; renewable standards for large self-generators.** (a)

5 Each electric utility company that sells electricity for
6 consumption in the State shall establish a renewable portfolio
7 standard of:

8 (1) [~~Ten~~] 10 per cent of its net electricity sales by
9 December 31, 2010;

10 (2) [~~Fifteen~~] 15 per cent of its net electricity sales by
11 December 31, 2015;

12 (3) [~~Twenty-five~~] 25 per cent of its net electricity sales
13 by December 31, 2020; [~~and~~]

14 (4) [~~Forty~~] 40 per cent of its net electricity sales by
15 December 31, 2030~~[-]~~;

16 (5) 70 per cent of its net electricity sales by
17 December 31, 2035; and

18 (6) 100 per cent of its net electricity sales by
19 December 31, 2040.

20 (b) Every large self-generator shall ensure that, on an
21 annual basis, its on-site generation is comprised of:



- 1 (1) 25 per cent renewable energy by December 31, 2020;
- 2 (2) 40 per cent renewable energy by December 31, 2030;
- 3 (3) 70 per cent renewable energy by December 31, 2035; and
- 4 (4) 100 per cent renewable energy by December 31, 2040.

5 If electricity is generated by a combination of renewable and
6 nonrenewable means, the proportion attributable to the renewable
7 means shall be credited as renewable energy. If fossil and
8 renewable fuels are co-fired in the same generating unit, the
9 unit shall be considered to generate renewable electricity in
10 direct proportion to the percentage of the total heat input
11 value represented by the heat input value of the renewable
12 fuels.

13 ~~[(b)]~~ (c) The public utilities commission may establish
14 standards for each utility that prescribe what portion of the
15 renewable portfolio standards shall be met by specific types of
16 renewable energy resources; provided that:

- 17 (1) Prior to January 1, 2015, at least [~~fifty~~] 50 per cent
- 18 of the renewable portfolio standards shall be met by
- 19 electrical energy generated using renewable energy as
- 20 the source, and after December 31, 2014, the entire



1 renewable portfolio standard shall be met by
2 electrical generation from renewable energy sources;

3 (2) Beginning January 1, 2015, electrical energy savings
4 shall not count toward renewable energy portfolio
5 standards;

6 (3) Where electrical energy is generated or displaced by a
7 combination of renewable and nonrenewable means, the
8 proportion attributable to the renewable means shall
9 be credited as renewable energy; and

10 (4) Where fossil and renewable fuels are co-fired in the
11 same generating unit, the unit shall be considered to
12 generate renewable electrical energy (electricity) in
13 direct proportion to the percentage of the total heat
14 input value represented by the heat input value of the
15 renewable fuels.

16 [~~e~~] (d) If the public utilities commission determines
17 that an electric utility company or large self-generator failed
18 to meet the applicable renewable [~~portfolio~~] standard, after a
19 hearing in accordance with chapter 91, the utility or large
20 self-generator shall be subject to penalties to be established
21 by the public utilities commission; provided that if the



1 commission determines that the electric utility company or large
2 self-generator is unable to meet the renewable portfolio
3 standards due to reasons beyond the reasonable control of an
4 electric utility[+] or large self-generator, as set forth in
5 subsection [~~(d)~~] (e), the commission, in its discretion, may
6 waive in whole or in part any otherwise applicable penalties.

7 [~~(d)~~] (e) Events or circumstances that are outside of an
8 electric utility company's or large self-generator's reasonable
9 control may include, to the extent the event or circumstance
10 could not be reasonably foreseen and ameliorated:

- 11 (1) Weather-related damage;
- 12 (2) Natural disasters;
- 13 (3) Mechanical or resource failure;
- 14 (4) Failure of renewable electrical energy producers to
15 meet contractual obligations to the electric utility
16 company[+] or large self-generator;
- 17 (5) Labor strikes or lockouts;
- 18 (6) Actions of governmental authorities that adversely
19 affect the generation, transmission, or distribution
20 of renewable electrical energy under contract to an
21 electric utility company;



- 1 (7) ~~[Inability]~~ For an electric utility only, inability to
2 acquire sufficient renewable electrical energy due to
3 lapsing of tax credits related to renewable energy
4 development;
- 5 (8) ~~[Inability]~~ For an electric utility only, inability to
6 obtain permits or land use approvals for renewable
7 electrical energy projects;
- 8 (9) ~~[Inability]~~ For an electric utility only, inability to
9 acquire sufficient cost-effective renewable electrical
10 energy;
- 11 (10) For an electric utility only, inability to acquire
12 sufficient renewable electrical energy to meet the
13 2035 and 2040 renewable portfolio standard goals in a
14 manner that is beneficial to Hawaii's economy in
15 relation to comparable fossil fuel resources;
- 16 ~~[(10) Substantial]~~ (11) For an electric utility only,
17 substantial limitations, restrictions, or prohibitions
18 on utility renewable electrical energy projects; and
- 19 ~~[(11)]~~ (12) Other events and circumstances of a similar
20 nature. "



1 SECTION 4. Section 269-94, Hawaii Revised Statutes, is
2 amended to read as follows:

3 " **[+]§269-94 Waivers, extensions, and incentives.[+]** (a)

4 Any electric utility company not meeting the renewable portfolio
5 standard shall report to the public utilities commission within
6 ninety days following the goal dates established in section
7 **[+]269-92[+]**, and provide an explanation for not meeting the
8 renewable portfolio standard. The public utilities commission
9 shall have the option to either grant a waiver from the
10 renewable portfolio standard or an extension for meeting the
11 prescribed standard.

12 The public utilities commission may provide incentives to
13 encourage electric utility companies to exceed their renewable
14 portfolio standards or to meet their renewable portfolio
15 standards ahead of time, or both.

16 (b) Any large self-generator not meeting the applicable
17 renewable standard over the course of a calendar year shall
18 report to the public utilities commission by March 31 of the
19 following year and provide an explanation for not meeting the
20 applicable renewable standard. The public utilities commission
21 may grant an extension for meeting the prescribed standard. Any



1 large self-generator who does not report its failure to meet the
 2 applicable renewable standard shall be subject to penalties
 3 established by the public utilities commission of no less than
 4 \$1,000 per day of noncompliance with this reporting
 5 requirement."

6 SECTION 5. Section 269-95, Hawaii Revised Statutes, is
 7 amended to read as follows:

8 "**§269-95 Renewable portfolio standards study.** The public
 9 utilities commission shall:

- 10 (1) By December 31, 2007, develop and implement a utility
 11 ratemaking structure, which may include performance-
 12 based ratemaking, to provide incentives that encourage
 13 Hawaii's electric utility companies to use cost-
 14 effective renewable energy resources found in Hawaii
 15 to meet the renewable portfolio standards established
 16 in section 269-92, while allowing for deviation from
 17 the standards in the event that the standards cannot
 18 be met in a cost-effective manner or as a result of
 19 events or circumstances, such as described in section
 20 [~~269-92(d)~~], 269-92(e), beyond the control of the



1 utility that could not have been reasonably
2 anticipated or ameliorated;

3 (2) Gather, review, and analyze empirical data to:

4 (A) Determine the extent to which any proposed
5 utility ratemaking structure would impact
6 electric utility companies' profit margins; and

7 (B) Ensure that the electric utility companies'
8 opportunity to earn a fair rate of return is not
9 diminished;

10 (3) Use funds from the public utilities special fund to
11 contract with the Hawaii natural energy institute of
12 the University of Hawaii to conduct independent
13 studies to be reviewed by a panel of experts from
14 entities such as the United States Department of
15 Energy, National Renewable Energy Laboratory, Electric
16 Power Research Institute, Hawaii electric utility
17 companies, environmental groups, and other similar
18 institutions with the required expertise. These
19 studies shall include findings and recommendations
20 regarding:



- 1 (A) The capability of Hawaii's electric utility
- 2 companies to achieve renewable portfolio
- 3 standards in a cost-effective manner and shall
- 4 assess factors such as:
 - 5 (i) The impact on consumer rates;
 - 6 (ii) Utility system reliability and stability;
 - 7 (iii) Costs and availability of appropriate
 - 8 renewable energy resources and
 - 9 technologies[+], including the impact of
 - 10 renewable energy portfolio standards, if
 - 11 any, on the energy prices offered by
 - 12 renewable energy developers;
 - 13 (iv) Permitting approvals;
 - 14 (v) Effects on the economy;
 - 15 (vi) Balance of trade, culture, community,
 - 16 environment, land, and water;
 - 17 (vii) Climate change policies;
 - 18 (viii) Demographics; and
 - 19 (ix) Other factors deemed appropriate by the
 - 20 commission; and



1 (B) Projected renewable portfolio standards to be set
2 five and ten years beyond the then current
3 standards;

4 (4) Evaluate the renewable portfolio standards every five
5 years, beginning in 2013, and may revise the standards
6 based on the best information available at the time to
7 determine if the standards established by section 269-
8 92 remain effective and achievable; and

9 (5) Report its findings and revisions to the renewable
10 portfolio standards, based on its own studies and
11 other information to the legislature no later than
12 twenty days before the convening of the regular
13 session of 2014, and every five years thereafter."

14 SECTION 6. Statutory material to be repealed is bracketed
15 and stricken. New statutory material is underscored.

16 SECTION 7. This Act shall take effect on July 1, 2015.

17
INTRODUCED BY: 

JAN 23 2015

H.B. NO. 623

Report Title:

Renewable Portfolio Standards; Energy Independence; Large Self-Generator; Clean Energy Initiative

Description:

Defines "large self-generator". Increases renewable portfolio standards to 70 per cent by 12/31/2035 and 100 per cent by 12/31/2040, unless the acquisition of renewable energy is not beneficial to Hawaii's economy. Establishes renewable standards for large self-generators. Subjects large self-generators to applicable renewable standards. Clarifies and establishes events or circumstances that are outside of an electric company's or large self-generator's reasonable control. Establishes large self-generator reporting requirements to the public utilities commission. Requires the public utilities commission to report on cost-effectiveness of renewable portfolio standards to address the impact on renewable energy developer energy prices.

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