

JAN 29 2015

A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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
4 from imported fuels and toward renewable local resources that
5 provide a secure source of affordable energy.

6 The legislature further finds that progress toward
7 renewable energy resources needs to go beyond the electrical
8 sector. Biogas systems have the potential to capture methane
9 that would escape into the atmosphere and utilize it to create
10 energy.

11 The purpose of this Act is to:

- 12 (1) Require the public utilities commission to direct
13 public utilities that supply gas to the public to
14 acquire biogas generated from nonfossil fuel sources;
15 and
16 (2) Establish renewable gas portfolio standards for public
17 utilities that sell biogas in the State.



1 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
2 amended by adding a new part to be appropriately designated and
3 to read as follows:

4 "PART . RENEWABLE GAS PORTFOLIO STANDARDS

5 §269- Definitions. For the purposes of this part:

6 "Biogas" means gaseous fuels produced from organic sources
7 such as biomass crops, agricultural residues and oil crops, such
8 as palm oil, canola oil, soybean oil, waste cooking oil, grease,
9 and food wastes, animal residues and wastes, and sewage and
10 landfill wastes.

11 "Commission" means the public utilities commission.

12 "Cost-effective" means the ability to produce or purchase
13 biogas at or below a price that the commission determines to be
14 just and reasonably consistent with the methodology set by the
15 commission.

16 "Local biogas" means biogas grown or captured and then
17 processed all within one thousand miles of where it is sold.

18 "Renewable gas portfolio standard" means a regulation that
19 requires the increased reliance on local biogas.

20 "Renewable natural gas" means biogas processed to a higher
21 purity standard so that it can be used in motor vehicles.



1 "Utility company" means a public utility as defined under
2 section 269-1, for the production, conveyance, transmission,
3 delivery, or furnishing of power.

4 §269- Utilization of gas generated from nonfossil fuels.

5 (a) The commission may investigate and determine the extent to
6 which biogas generated from nonfossil fuel sources is cost-
7 effective and available to public utilities that supply gas to
8 the public.

9 (b) The commission shall direct public utilities that
10 supply gas to the public to arrange for the acquisition of and
11 to acquire gas generated from nonfossil fuel sources.

12 (c) The rate payable by the public utility to the producer
13 for the nonfossil fuel generated gas supplied by the public
14 utility shall be as agreed between the public utility and the
15 supplier and as approved by the commission; provided that in the
16 event the public utility and the supplier fail to reach an
17 agreement for a rate, the rate shall be as prescribed by the
18 commission.

19 The commission's determination of the just and reasonable
20 rate shall be accomplished by establishing a methodology that
21 removes or significantly reduces any linkage between the price



1 of fossil fuels and the rate for the nonfossil fuel generated
2 gas to potentially enable utility customers to share in the
3 benefits of fuel cost savings resulting from the use of
4 nonfossil fuel generated gas. As the commission deems
5 appropriate, the just and reasonable rate for nonfossil fuel
6 generated gas supplied to the public utility by the producer may
7 include mechanisms for reasonable and appropriate incremental
8 adjustments, such as adjustments linked to consumer price
9 indices for inflation or other acceptable adjustment mechanisms.

10 §269- Renewable gas portfolio standards. (a) Each
11 utility company that sells gas or renewable natural gas for
12 consumption in the State shall establish a renewable gas
13 portfolio standard of:

- 14 (1) 15 per cent of its net gas sales by December 31, 2015;
15 (2) 25 per cent of its net gas sales by December 31, 2020;
16 (3) 50 per cent of its net gas sales by December 31, 2025;
17 and
18 (4) 100 per cent of its net gas sales by December 31,
19 2030.

20 (b) Where fossil and renewable fuels are co-fired in the
21 same generating unit, the unit shall be considered to generate



1 renewable gas in direct proportion to the percentage of the
2 total heat input value represented by the heat input value of
3 the renewable fuels.

4 (c) If the commission determines that a gas utility
5 company failed to meet the renewable gas portfolio standard,
6 after a hearing in accordance with chapter 91, the utility shall
7 be subject to penalties to be established by the commission;
8 provided that if the commission determines that the gas utility
9 company is unable to meet the renewable gas portfolio standard
10 due to reasons beyond the reasonable control of a gas utility,
11 the commission, in its discretion, may waive in whole or in part
12 any otherwise applicable penalties."

13 SECTION 3. This Act shall take effect on July 1, 2015.

14

INTRODUCED BY:


By Request



S.B. NO. 1323

Report Title:

Biogas; Renewable Gas Portfolio Standards

Description:

Requires the public utilities commission to direct public utilities that supply gas to the public to acquire biogas generated from nonfossil fuel sources. Establishes renewable gas portfolio standards for public utilities that sell biogas in the State.

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