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# A BILL FOR AN ACT

RELATING TO THE STRUCTURE OF GOVERNMENT.

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

1           SECTION 1. The legislature finds that energy composes  
2 approximately one-eighth of Hawaii's overall economy. Electric  
3 bills for public facilities and public transportation services  
4 exceed \$400,000,000 annually. Management and direction of the  
5 energy sector of the state economy is becoming an increasingly  
6 complex and critically important job. According to Hawaii's  
7 utilities, successfully achieving one hundred per cent renewable  
8 electricity by 2045 is expected to save nearly \$6,000,000,000.  
9 Additionally, electric vehicles are already cheaper to operate  
10 than traditional gas-powered vehicles. Transitioning to clean  
11 transportation will save residents billions of dollars. Climate  
12 change is expected to cost the State at least \$19,000,000,000 in  
13 losses from sea level rise alone, making the switch to renewable  
14 energy and the ultimate reduction of atmospheric carbon a  
15 priority. The State must also handle the need for island  
16 resiliency; rapid increase and economic viability of renewable  
17 and distributed energy resources; the digitization,



1 democratization, and inter-connectivity of infrastructure; and  
2 the electrification and automation of transportation. These  
3 complex realities reveal the need for a state agency responsible  
4 for assisting the transition to a clean energy economy to meet  
5 Hawaii's climate and cost of living goals.

6       The legislature further finds that efforts taken by the  
7 universities, public schools, executive departments, and other  
8 government entities have already begun to save taxpayers money  
9 by reducing the government's electricity costs. However, those  
10 efforts lack statewide coordination, preventing economies of  
11 scale to maximize savings. While some departments have made  
12 substantial progress, others have yet to commence meaningful  
13 activities. Tasking a single agency to plan for energy savings  
14 measures across all public facilities and assist government  
15 entities already working to reduce energy costs is a necessary  
16 step to maximize taxpayer savings.

17       The legislature further finds that although the state  
18 energy office is tasked with the responsibility of overseeing  
19 one-eighth of Hawaii's economy, which impacts every business and  
20 household, the state energy office lacks an enabling statute, a  
21 mission, formal guidance, and reporting accountability.



1 Additionally, appointment of the head of the state energy  
2 office, the Hawaii state energy office administrator, is exempt  
3 from the senate confirmation process required for the majority  
4 of other agency heads.

5 The legislature's intent is to establish in statute an  
6 energy agency with a clear mission; established guidance,  
7 transparent reporting, and accountable leadership that will  
8 assist both the public and private sectors in achieving the  
9 State's energy goals. More specifically, the purpose of this  
10 Act is to:

- 11 (1) Establish the Hawaii state energy office within the  
12 department of business, economic development, and  
13 tourism; and
- 14 (2) Establish the position of deputy director of energy,  
15 and transfer the duties and responsibilities of the  
16 energy resources coordinator, which are currently  
17 assigned to the director of business, economic  
18 development, and tourism, to the deputy director of  
19 energy.



1 SECTION 2. Chapter 196, Hawaii Revised Statutes, is  
2 amended by adding a new part to be appropriately designated and  
3 to read as follows:

4 "PART . HAWAII STATE ENERGY OFFICE

5 §196-A Hawaii state energy office; established. (a)

6 There is established the Hawaii state energy office, within the  
7 department of business, economic development, and tourism, which  
8 shall be a public body politic and an instrumentality and agency  
9 of the State. The purpose of the Hawaii state energy office is  
10 to promote energy efficiency, renewable energy, and clean  
11 transportation to help achieve a resilient clean energy economy.

12 (b) The Hawaii state energy office shall:

13 (1) Provide analysis and planning to actively develop and  
14 inform policies to achieve renewable energy, energy  
15 resiliency, and clean transportation goals with the  
16 legislature, public utilities commission, and other  
17 relevant stakeholders;

18 (2) Lead efforts to incorporate energy efficiency and  
19 renewable energy to reduce costs and achieve clean  
20 energy goals across all public facilities;



1 (3) Provide renewable energy, energy efficiency, energy  
2 resiliency, and clean transportation project  
3 deployment facilitation to assist private sector  
4 project completion when aligned with state energy  
5 goals; and

6 (4) Engage the private sector to help lead efforts to  
7 achieve renewable energy goals through the Hawaii  
8 clean energy initiative advisory board.

9 (c) The Hawaii state energy office shall be the State's  
10 primary government entity for supporting the clean energy  
11 initiative.

12 (d) No later than twenty days prior to the convening of  
13 each regular session, the Hawaii state energy office shall  
14 submit a report to the legislature that includes:

15 (1) A description of the activities of the Hawaii state  
16 energy office in response to the directives  
17 established pursuant to subsection (b) and section  
18 196-B(d), along with progress in meeting any of the  
19 Hawaii state energy office goals established in or  
20 pursuant to this part;



1 (2) Progress by the State in meeting its energy  
2 efficiency, renewable energy, and clean transportation  
3 goals; and

4 (3) Proposed legislation, if any.

5 §196-B Deputy director of energy; duties. (a) The Hawaii  
6 state energy office shall be led by the deputy director of  
7 energy appointed by the governor, subject to the advice and  
8 consent of the senate; provided that the term of the deputy  
9 director of energy shall be coterminous with the term of the  
10 governor.

11 (b) The deputy director of energy shall have:

12 (1) Experience, knowledge, and expertise in policy,  
13 programs, or services related to renewable energy and  
14 clean transportation related activities and  
15 development; and

16 (2) Experience in a supervisory or administrative  
17 capacity.

18 (c) The deputy director of energy shall hire staff  
19 necessary to carry out the purposes of this part. The deputy  
20 director of energy and employees of the Hawaii state energy  
21 office shall be exempt from chapter 76, and shall not be



1 considered civil service employees but shall be entitled to any  
2 employee benefit plan normally inuring to civil service  
3 employees.

4 (d) Subject to the approval of the governor, the deputy  
5 director of energy shall:

- 6 (1) Formulate, analyze, and recommend specific policies  
7 and plans, in coordination with public and private  
8 sector stakeholders, for cost-effectively and  
9 equitably achieving the State's energy goals;
- 10 (2) Identify, track and report key performance measures  
11 and milestones related to the State's energy and  
12 decarbonization goals;
- 13 (3) Provide technical assistance to state and county  
14 agencies to assess and implement projects and programs  
15 related to energy conservation and efficiency,  
16 renewable energy, clean transportation, energy  
17 resiliency, and related measures;
- 18 (4) Coordinate the State's energy programs with those of  
19 the federal government, other state governments, the  
20 political subdivisions of the State, and governments  
21 of nations with interest in common energy resources;



- 1 (5) Identify market gaps and innovation opportunities,  
2 collaborate with stakeholders, and facilitate public-  
3 private partnerships to develop programs and tools to  
4 encourage private and public exploration, research,  
5 and development of energy resources and distributed  
6 energy resources that will support the State's energy  
7 and decarbonization goals;
- 8 (6) Review proposed state actions that may have a  
9 significant effect on the State's energy and  
10 decarbonization objectives and report to the governor  
11 their effect on the energy program, and perform other  
12 services as may be required;
- 13 (7) Evaluate, recommend, and participate in the  
14 development of incentives and programs that encourage  
15 the development of renewable energy, distributed  
16 energy resources, and clean transportation resources;
- 17 (8) Assess and evaluate the effectiveness and continued  
18 necessity of existing energy related incentives, tax  
19 credits and programs, and provide recommendations and  
20 proposed changes;



- 1           (9)   Develop and maintain a comprehensive and systematic  
2                   quantitative and qualitative capacity to analyze the  
3                   status of energy resources, systems, and markets, both  
4                   in-state and those to which Hawaii is directly tied,  
5                   particularly in relation to the State's economy, and  
6                   to recommend, develop proposals for, and assess the  
7                   effectiveness of policy and regulatory decisions, and  
8                   conduct energy emergency planning;
- 9           (10)   Develop and recommend programs for, and assist public  
10                   agencies in the implementation of, energy assurance  
11                   and energy resilience;
- 12           (11)   Support the development, evaluation, revision, and  
13                   adoption of energy-related codes and standards that  
14                   advance the State's energy goals;
- 15           (12)   Act as the State's energy data clearinghouse by  
16                   identifying, collecting, compiling, analyzing, and  
17                   publishing energy and clean transportation data and  
18                   analyses;
- 19           (13)   Advocate for the State's energy and decarbonization  
20                   goals at the public utilities commission and



- 1 legislature, ensuring that state energy policy and
- 2 regulatory plans and proposals are data-driven;
- 3 (14) Support economic development and innovation
- 4 initiatives related to and resulting from the State's
- 5 renewable energy and distributed energy resources
- 6 experience, capabilities, and data analyses; and
- 7 (15) Prepare and submit an annual report and other reports
- 8 as may be requested to the governor and to the
- 9 legislature on the implementation of this part;
- 10 (16) Contract for services when required for the
- 11 implementation of this part; and
- 12 (17) Adopt rules, pursuant to chapter 91, for the
- 13 administration of this part."

14 SECTION 3. Sections 125C-22, 125C-23, 125C-31, 141-9, 196-

15 5, 196-6.5, 196-11, 196-30(a), 196-63, 206M-23, 286-172, 304A-

16 1892, and 304A-1894.1, Hawaii Revised Statutes, are amended by

17 substituting the term "deputy director of energy" wherever the

18 term "state energy resources coordinator", "energy resources

19 coordinator", "coordinator", or "energy program administrator of

20 the department" appears, as the context requires.



1 SECTION 4. Section 196-2, Hawaii Revised Statutes, is  
2 amended as follows:

3 1. By adding two new definitions to be appropriately  
4 inserted and to read:

5 "Deputy director" means the deputy director of energy.

6 "Distributed energy resources" means a resource sited close  
7 to customers that:

8 (1) Can provide all or some of the customers' immediate  
9 electric and power needs;

10 (2) Can be used by the system to reduce demand or provide  
11 supply to satisfy the energy, capacity, or ancillary  
12 service needs of the distribution grid; and

13 (3) Is connected to the distribution system and close to  
14 load, if the resource provides electricity or thermal  
15 energy.

16 "Distributed energy resources" includes but is not limited to  
17 solar photovoltaic and thermal, wind, combined heat and power,  
18 electrical and thermal energy storage, demand response, electric  
19 vehicles, electric vehicle service equipment, microgrids, energy  
20 efficiency, and advanced inverters."



1           2. By amending the definition of "energy resources" to  
2 read:

3           ""Energy resources" means fuel, and also includes all  
4 electrical or thermal energy produced by combustion of any fuel,  
5 or generated [~~or~~], produced, or stored using wind, the sun,  
6 geothermal heat, ocean water, falling water, currents, waves, or  
7 any other source."

8           SECTION 5. Section 201-12.8, Hawaii Revised Statutes, is  
9 amended by amending subsection (b) to read as follows:

10          "(b) Subject to legislative appropriation, moneys from the  
11 fund may be expended by the department of business, economic  
12 development, and tourism for the following purposes and used for  
13 no other purposes, except for those set forth in this section:

14          (1) To support the Hawaii clean energy initiative program,  
15 including its energy division, including funding staff  
16 positions within the division, and projects that  
17 ensure dependable, efficient, and economical energy,  
18 promote energy self-sufficiency, and provide greater  
19 energy security for the State;

20          ~~[(2) To fund the renewable energy facilitator pursuant to~~  
21 ~~section 201-12.5 and any other positions necessary for~~



- 1           ~~the purposes of paragraph (1) as determined by the~~  
2           ~~legislature, and~~
- 3       ~~(3)]~~ (2) To fund, to the extent possible, the greenhouse  
4           ~~gas emissions reduction task force, climate change~~  
5           ~~task force, [grants in aid to the economic development~~  
6           ~~boards of each county, and grants in aid to economic~~  
7           ~~development agencies of each county to meet the stated~~  
8           ~~objectives of the Hawaii clean energy initiative~~  
9           ~~program.]~~ and programs to increase the resiliency of  
10           public facilities through renewable energy systems;
- 11       (3) To support achieving the zero emissions clean energy  
12           target set forth in section 225P-5;
- 13       (4) To fund the building energy efficiency revolving loan  
14           fund established in section 201-20;
- 15       (5) To fund incentives to promote the adoption of electric  
16           vehicles, to develop electric vehicle charging  
17           infrastructure, and to upgrade to electrical  
18           infrastructure to support the development of electric  
19           vehicle charging infrastructure; and
- 20       (6) To fund, to the extent possible, the duties of the  
21           state building code council in section 107-24, as they



1           relate to the development of energy conservation  
2           codes."

3           SECTION 6. Section 304A-1891, Hawaii Revised Statutes, is  
4 amended by amending subsection (b) to read as follows:

5           "(b) The director of the institute shall coordinate the  
6 institute's work with the energy resources coordinator in  
7 carrying out duties pursuant to section [~~196-4~~] 196-B in the  
8 area of research and development of renewable energy sources."

9           SECTION 7. Section 196-3, Hawaii Revised Statutes, is  
10 repealed.

11           [~~"§196-3 Energy resources coordinator. The director of~~  
12 ~~business, economic development, and tourism shall serve as~~  
13 ~~energy resources coordinator."~~]

14           SECTION 8. Section 196-4, Hawaii Revised Statutes, is  
15 repealed.

16           [~~"§196-4 Powers and duties. Subject to the approval of~~  
17 ~~the governor, the coordinator shall:~~

18           ~~(1) Formulate plans, including objectives, criteria to~~  
19           ~~measure accomplishment of objectives, programs through~~  
20           ~~which the objectives are to be attained, and financial~~



- 1           ~~requirements for the optimum development of Hawaii's~~  
2           ~~energy resources;~~
- 3           ~~(2) Conduct systematic analysis of existing and proposed~~  
4           ~~energy resource programs, evaluate the analysis~~  
5           ~~conducted by government agencies and other~~  
6           ~~organizations and recommend programs that represent~~  
7           ~~the most effective allocation of resources for the~~  
8           ~~development of energy resources;~~
- 9           ~~(3) Formulate and recommend specific proposals, as~~  
10           ~~necessary, for conserving energy resources, including~~  
11           ~~the allocation and distribution thereof;~~
- 12           ~~(4) Assist public and private agencies in implementing~~  
13           ~~energy conservation and efficiency programs, the~~  
14           ~~development of indigenous energy resources, and~~  
15           ~~related measures;~~
- 16           ~~(5) Coordinate the State's energy programs with those of~~  
17           ~~the federal government, other state governments,~~  
18           ~~governments of nations with interest in common energy~~  
19           ~~resources, and the political subdivisions of the~~  
20           ~~State;~~



- 1       ~~(6) Develop programs to encourage private and public~~  
2           ~~exploration, research, and development of indigenous~~  
3           ~~energy resources that will benefit the State;~~
- 4       ~~(7) Conduct public education programs to inform the public~~  
5           ~~of the energy resources situation, as it may exist,~~  
6           ~~from time to time and of the government actions taken;~~
- 7       ~~(8) Serve as consultant to the governor, public agencies,~~  
8           ~~and private industry on energy related matters;~~
- 9       ~~(9) Contract for services when required for the~~  
10           ~~implementation of this chapter;~~
- 11       ~~(10) Review proposed state actions that the coordinator~~  
12           ~~finds to have significant effect on the State's energy~~  
13           ~~objectives and report to the governor their effect on~~  
14           ~~the energy program, and perform other services as may~~  
15           ~~be required by the governor and the legislature;~~
- 16       ~~(11) Prepare and submit an annual report and other reports~~  
17           ~~as may be requested to the governor and to the~~  
18           ~~legislature on the implementation of this chapter and~~  
19           ~~all matters related to energy resources;~~
- 20       ~~(12) Formulate a systematic process, including the~~  
21           ~~development of requirements, to identify geographic~~



- 1 ~~areas that are rich with renewable energy resource~~  
2 ~~potential that can be developed in a cost effective~~  
3 ~~and environmentally benign manner and designate these~~  
4 ~~areas as renewable energy zones;~~
- 5 ~~(13) Develop and recommend incentives, plans, and programs~~  
6 ~~to encourage the development of renewable energy~~  
7 ~~resource projects within the renewable energy zones;~~
- 8 ~~(14) Assist public and private agencies in identifying~~  
9 ~~utility transmission projects or infrastructure~~  
10 ~~required to accommodate and facilitate the development~~  
11 ~~of renewable energy resources;~~
- 12 ~~(15) Assist public and private agencies, in coordination~~  
13 ~~with the department of budget and finance, in~~  
14 ~~accessing the use of special purpose revenue bonds to~~  
15 ~~finance the engineering, design, and construction of~~  
16 ~~transmission projects and infrastructure that are~~  
17 ~~deemed critical to the development of renewable energy~~  
18 ~~resources;~~
- 19 ~~(16) Develop the criteria or requirements for identifying~~  
20 ~~and qualifying specific transmission projects and~~  
21 ~~infrastructure that are critical to the development of~~



1 ~~renewable energy resources, including providing~~  
2 ~~assistance in accessing the use of special purpose~~  
3 ~~revenue bonds to finance the projects or~~  
4 ~~infrastructure;~~

5 ~~(17) Develop and maintain a comprehensive and systematic~~  
6 ~~quantitative and qualitative capacity to analyze the~~  
7 ~~status of energy resources, systems, and markets, both~~  
8 ~~in state and those to which Hawaii is directly tied,~~  
9 ~~particularly in relation to the State's economy, and~~  
10 ~~to recommend, develop proposals for, and assess the~~  
11 ~~effectiveness of policy and regulatory decisions, and~~  
12 ~~conduct energy emergency planning; and~~

13 ~~(18) Adopt rules for the administration of this chapter~~  
14 ~~pursuant to chapter 91." ]~~

15 SECTION 9. Section 201-12.5, Hawaii Revised Statutes, is  
16 repealed.

17 [~~§201-12.5 Renewable energy facilitator; establishment;~~  
18 ~~duties. (a) There is established within the department of~~  
19 ~~business, economic development, and tourism the position of~~  
20 ~~renewable energy facilitator, which shall be a full time,~~  
21 ~~temporary position exempt from chapters 76 and 89. The~~



1 ~~renewable energy facilitator shall possess a requisite level of~~  
2 ~~knowledge and expertise in the areas of renewable energy, state~~  
3 ~~and county permitting processes, and management necessary to~~  
4 ~~carry out the duties of the position.~~

5 ~~(b) The renewable energy facilitator shall have the~~  
6 ~~following duties:~~

7 ~~(1) Facilitate the efficient permitting of renewable~~  
8 ~~energy projects, including:~~

9 ~~(A) The land parcel on which the facility is~~  
10 ~~situated;~~

11 ~~(B) Any renewable energy production structure or~~  
12 ~~equipment;~~

13 ~~(C) Any energy transmission line from the facility to~~  
14 ~~a public utility's electricity system; and~~

15 ~~(D) Any on-site infrastructure necessary for the~~  
16 ~~production of electricity or biofuel from the~~  
17 ~~renewable energy site;~~

18 ~~(2) Initiate the implementation of key renewable energy~~  
19 ~~projects by permitting various efficiency improvement~~  
20 ~~strategies identified by the department;~~



1       ~~(3) Administer the day to day coordination for renewable~~  
2           ~~energy projects on behalf of the department; and~~

3       ~~(4) Submit periodic reports to the legislature on~~  
4           ~~renewable energy facilitation activities.~~

5       ~~(c) The renewable energy facilitator position shall be~~  
6       ~~funded by the energy security special fund."]~~

7           SECTION 10. There is appropriated out of the general  
8 revenues of the State of Hawaii the sum of \$                    or so  
9 much thereof as may be necessary for fiscal year 2019-2020 and  
10 the same sum or so much thereof as may be necessary for fiscal  
11 year 2020-2021 for the Hawaii state energy office.

12           The sums appropriated shall be expended by the department  
13 of business, economic development, and tourism for the purposes  
14 of this Act.

15           SECTION 11. This Act does not affect rights and duties  
16 that matured, penalties that were incurred, and proceedings that  
17 were begun before its effective date.

18           SECTION 12. Statutory material to be repealed is bracketed  
19 and stricken. New statutory material is underscored.

20           SECTION 13. This Act shall take effect on July 1, 2050.



**Report Title:**

Structure of Government; Hawaii State Energy Office; Department of Business, Economic Development, and Tourism; Barrel Tax; Fossil Fuel Tax; Deputy Director of Energy; Appropriation

**Description:**

Establishes the Hawaii state energy office. Establishes the deputy director of energy and powers and duties of the deputy director of energy. Repeals the establishment of the energy resources coordinator position, the coordinator's powers and duties, and the establishment of the renewable energy facilitator position, and transfers some of the powers and duties of the energy resources coordinator to the deputy director of energy. Amends the allowable uses of the energy security special fund. Appropriates funds for the Hawaii state energy office. Takes effect 7/1/2050. (SD1)

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