

STAND. COM. REP. NO. 2690

Honolulu, Hawaii

FEB 13 2020

RE: S.B. No. 2556
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committee on Energy, Economic Development, and Tourism,
to which was referred S.B. No. 2556 entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Clarify the calculation of the renewable energy technologies income tax credit for commercial solar energy systems;
- (2) Provide that the value of the renewable energy technologies tax credit for eligible utility-scale renewable energy projects shall be based on the credit value and cap that were in effect as of July 1, 2020; and
- (3) Provide that an eligible utility-scale renewable energy project shall not be eligible to collect the tax credit if they entered in a contract after December 31, 2018.

Your Committee received testimony in support of this measure from AES Distributed Energy, SanHi Government Strategies, and Clearway Energy Group. Your Committee received comments on this measure from the Department of Taxation, Hawaii State Energy Office, Tax Foundation of Hawaii, Hawaii Electric Company, Inc.



Your Committee finds that Act 97, Session Laws of Hawaii 2015, set a statewide goal to reach one hundred percent renewable energy by 2045 throughout the State. In order to meet this ambitious goal, your Committee believes that the State must continue to support utility-scale renewable energy projects that benefit residents and ratepayers. Your Committee further finds that there are sixty utility-scale renewable energy projects feeding into the State's power grids, and many more are projected for completion in the next several years. Your Committee notes that despite the great efforts to reach one hundred percent renewable energy, the State continues to depend heavily on imported petroleum for its energy needs. This measure will assist the State in reaching its one hundred percent renewable energy goal by clarifying the calculation of the renewable energy technologies tax credit and ensuring that certain renewable energy projects obtain the tax credit, regardless of any changes to existing law.

Your Committee has amended this measure by:

- (1) Clarifying that a utility-scale renewable energy project can only receive the tax credit if they have a power purchase agreement that is either approved by a decision or order by the public utilities commission or has filed with, or is pending approval from, the Public Utilities Commission prior to December 31, 2019; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Energy, Economic Development, and Tourism that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2556, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2556, S.D. 1, and be referred to your Committees on Commerce, Consumer Protection, and Health and Ways and Means.



Respectfully submitted on
behalf of the members of the
Committee on Energy, Economic
Development, and Tourism.



GLENN WAKAI, Chair



The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Energy, Economic Development, and Tourism
EET

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2556	EET, CPH/WAM	2/7/2020		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
WAKAI, Glenn (C)	/			
TANIGUCHI, Brian T. (VC)				/
INOUE, Lorraine R.	/			
KEOHOKALOLE, Jarrett	/			
FEVELLA, Kurt				/
TOTAL	3	0	0	2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes