

Honolulu, Hawaii

FEB 14 2020

RE: S.B. No. 3036
S.D. 1

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

Sir:

Your Committees on Energy, Economic Development, and Tourism and Commerce, Consumer Protection, and Health, to which was referred S.B. No. 3036 entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY TECHNOLOGIES TAX CREDITS,"

beg leave to report as follows:

The purpose and intent of this measure is to clarify that regardless of any amendments made to the renewable energy technologies tax credit, a power purchase agreement that was approved by the Public Utilities Commission prior to December 31, 2019, shall receive a credit of thirty-five percent of the actual cost or up to \$500,000 per solar energy system.

Your Committees received testimony in support of this measure from the Hawaii State Energy Office; Ho'ohana Solar 1, LLC; Hawaii Clean Power Alliance; AES Distributed Energy, SanHi Government Strategies, and Clearway Energy Group. Your Committees received comments on this measure from the Department of Taxation; Tax Foundation of Hawaii; and Hawaiian Electric Company, Inc.

Your Committees find that utility-scale renewable energy is critical to meeting the State's clean energy goals because it provides long-term stable costs for drawing electricity from the grid. To drive down costs that are passed on to the ratepayer, developers must assume the risks that are a part of the



permitting, entitlements, and financing for these projects. Your Committees further find that the risks involve the lengthy process of waiting for approval by the Public Utilities Commission, and by the time the Commission approves a project, the project is in jeopardy of losing any financial benefits from tax credits. Your Committees note that these tax credits are applied to the rates that are contracted with the electric utilities and ultimately are reflected in the rates benefiting ratepayers.

Your Committees believe that any changes to the renewable energy technologies tax credit prior to the completion of necessary utility-scale projects could financially harm the developer's ability to deliver any proposed projects, which would ultimately harm the ratepayers and the State's energy policies. This measure will provide certain developers of utility-scale renewable energy projects assurance that the currently available tax credit will still apply to certain projects to encourage the completion of all utility-scale energy projects.

Your Committees have amended this measure by:

- (1) Clarifying that, regardless of any changes to any applicable law, a solar energy system with a power purchase agreement approved by the Public Utilities Commission prior to December 31, 2019, shall receive thirty-five percent of the actual cost of the system or \$500,000 per system that has a total output capacity of at least one thousand kilowatts per system of direct current for commercial properties;
- (2) Specifying that a project is eligible to receive the tax credit only if a project has 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 Commission prior to December 31, 2019; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Energy, Economic Development, and Tourism and Commerce, Consumer Protection, and Health that are attached to

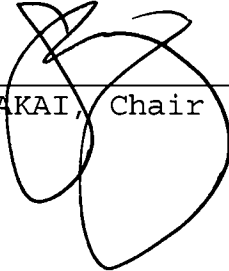


this report, your Committees are in accord with the intent and purpose of S.B. No. 3036, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3036, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Energy, Economic Development, and Tourism and Commerce, Consumer Protection, and Health,



ROSALYN H. BAKER, Chair

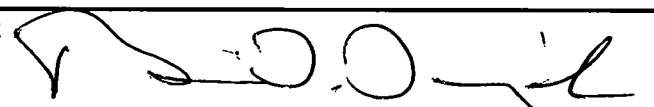


GLENN WAKAI, Chair



The Senate
Thirtieth Legislature
State of Hawai'i


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

Bill / Resolution No.:* SB 3036	Committee Referral: EET/CPH, WAM	Date: 2/10/2020		
<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	1	0	1
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

The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 3036	EET/CPH, WAKA	2/10/20		
<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
BAKER, Rosalyn H. (C)	✓			
CHANG, Stanley (VC)	✓			
NISHIHARA, Clarence K.	✓			
RUDERMAN, Russell E.				✓
THIELEN, Laura H.				✓
WAKAI, Glenn	✓			
FEVELLA, Kurt				✓
TOTAL	4			3
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original File with Committee Report	Yellow Clerk's Office	Pink Drafting Agency	Goldenrod Committee File Copy	

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