HOUSE CONCURRENT RESOLUTION

URGING THE BOARD OF LAND AND NATURAL RESOURCES TO DISPOSE OF THE LONG-TERM WATER RIGHTS LEASES FOR HAWAIIAN ELECTRIC'S NON-CONSUMPTIVE WATER USE ALONG THE WAILUKU RIVER BY DIRECT NEGOTIATION AND PROVIDE GUIDANCE ON DETERMINING THE VALUE OF THE ANNUAL WATER LEASE RENT.

WHEREAS, climate change resulting from greenhouse gas is a recognized threat to Hawaii's forests and coastal ecosystems, and a transition to renewable energy sources is an important step in protecting Hawaii's watersheds; and

WHEREAS, one of the key goals of Hawaii's one hundred percent renewable energy mandate is to reduce and stabilize costs by reducing reliance on oil; and

WHEREAS, hydroelectricity, or generating electricity by using falling water to turn a turbine and then returning it to its source, is the oldest and one of the least expensive renewable energy resources in Hawaii; and

WHEREAS, even as new technologies like wind and solar have surpassed hydroelectricity in the effort to reach one hundred percent renewable energy, hydroelectricity remains an important part of the State's portfolio of energy resources; and

WHEREAS, one of the benefits of hydroelectricity is its very low cost, enabling Hawaiian Electric to pass energy savings on to customers; and

WHEREAS, for more than one hundred years, the run-of-the-river operations along the Wailuku River in Hilo, Hawaii island have reliably supplied a portion of Hawaii island's renewable energy needs; and
WHEREAS, Hawaiian Electric manages two hydroelectric generating plants, known as Puueo Hydro and Waiau Hydro, along the Wailuku River; and

WHEREAS, Hawaiian Electric's use of the Wailuku River water is non-consumptive; the same amount of water is returned to the same river from which the water is diverted; and

WHEREAS, in 2016, the Department of Land and Natural Resources' Revocable Permit Task Force recommended that the Department of Land and Natural Resources work with revocable water permit holders to initiate the process to convert the revocable permits to water leases by the end of 2019; and

WHEREAS, in August 2016, Hawaiian Electric submitted an application to the Board of Land and Natural Resources for a long-term water lease; and

WHEREAS, in October 2018, the Department of Land and Natural Resources transmitted the final environmental assessment of the Wailuku River hydroelectric facilities long-term water lease, with a finding of no significant impact, to the Office of Environmental Quality Control for publication; and

WHEREAS, the lease process has not yet been fully defined by the State, making it difficult for the Board of Land and Natural Resources to dispose of long-term water rights; and

WHEREAS, Hawaiian Electric's lease application is unique in that it involves water only; no public lands are involved; and

WHEREAS, the infrastructure used to divert water from the Wailuku River to the hydropower plants is owned by Hawaiian Electric on land owned by Hawaiian Electric and therefore does not require the use of any diversion works or state lands; and

WHEREAS, in August 2018, Waiau Hydro was heavily damaged during Hurricane Lane and has been offline since that time; and

WHEREAS, in order to invest in the necessary repairs and upgrades to increase capacity of Waiau Hydro, Hawaiian Electric requires a long-term water lease; and
WHEREAS, no other entity could qualify to bid on this particular water lease because the water would have to be diverted at different locations, which would require an amendment to the interim instream flow standard that is set forth in section 13-169-56, Hawaii Administrative Rules; and

WHEREAS, the last long-term hydroelectric lease was executed in 1991 and authorized the non-consumptive use of water from the same Wailuku River in Hilo for generation of hydroelectricity using lease rent based on rates that the Federal Energy Regulatory Commission (FERC) charges hydroelectric generators for use of federal dams and reservoirs; and

WHEREAS, FERC is an independent agency that regulates the interstate transmission of electricity, natural gas, and oil; and

WHEREAS, the FERC rate is based on the amount of energy produced by the hydroelectric generating plant; now, therefore,

BE IT RESOLVED by the House of Representatives of the Thirtieth Legislature of the State of Hawaii, Regular Session of 2020, the Senate concurring, that the Board of Land and Natural Resources is urged to dispose of the long-term water leases for Hawaiian Electric’s non-consumptive use along the Wailuku River by direct negotiation and provide guidance on determining the value of the annual water lease rent; and

BE IT FURTHER RESOLVED that the Board of Land and Natural Resources is urged to base the lease rent on the FERC charges calculated by the amount of energy produced by the hydroelectric generating plant; and

BE IT FURTHER RESOLVED that certified copies of this Concurrent Resolution be transmitted to the Chairperson of the House of Representatives Committee on Water, Land, & Hawaiian Affairs; Chairperson of the Senate Committee on Water and Land; Mayor of the County of Hawaii; Chairperson of the Board of Land and Natural Resources; and President and Chief Executive Officer of Hawaiian Electric.
OFFERED BY:

Hakuhune

Chin Todd

MAR - 6 2020