

STAND. COM. REP. NO. 1523

Honolulu, Hawaii

APR 06 2021

RE: H.B. No. 561  
H.D. 2  
S.D. 2

Honorable Ronald D. Kouchi  
President of the Senate  
Thirty-First State Legislature  
Regular Session of 2021  
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 561, H.D. 2, S.D. 1, 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) Require the Public Utilities Commission to determine whether analysis of the effect of the State's reliance on fossil fuels is necessary for proceedings involving water, wastewater, or telecommunications providers on an individual basis; and
- (2) Provide that the analysis is not required for an electric or a gas utility's routine system replacements or determinations that do not pertain to capital improvements or operations.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs, Public Utilities Commission, Hawai'i Gas, Environmental Caucus of the Democratic Party of Hawai'i, Land Use Research Foundation of Hawaii, Hawaiian Electric Company, Hawaii Clean Power Alliance, and two individuals. Your Committee received testimony in opposition to this measure from Earthjustice; Pele Lani Farm, LLC;



Climate Protectors Hawai'i; and twenty-five individuals. Your Committee received comments on this measure from Life of the Land, Hawaii Forest Stewards, Kauai Women's Caucus, and eleven individuals.

Your Committee finds that fossil fuels can negatively impact the environment and its price volatility can further negatively impact consumers. It is therefore important to examine the impacts of fossil fuels used by utilities, including water, wastewater, and telecommunications providers. This measure provides clarity regarding the types of proceedings before the Public Utilities Commission (Commission) that will require additional procedural steps, such as extensive greenhouse gas analyses, and will further improve administrative processes by exempting certain routine applications from these analyses.

Your Committee notes the concerns raised in testimony that this measure, in its current form, only addresses the analysis relating to fossil fuels and does not address the equally harmful effects of biomass. Your Committee finds that it is important for the Commission to analyze biomass emissions if biomass is contemplated for electricity generation in projects within the purview of the Commission. Amendments to this measure are therefore necessary to address these concerns.

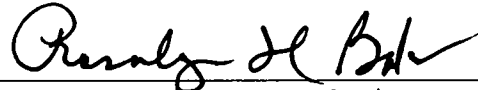
Accordingly, your Committee has amended this measure by:

- (1) Updating section 1 to reflect its amended purpose;
- (2) Clarifying that, in making determinations of the reasonableness of the costs pertaining to fossil fuel or biomass sourced electricity or gas utility system capital improvements and operations, the Commission shall explicitly consider the effect of the State's reliance on fossil fuels and biomass on certain factors;
- (3) Clarifying that the Commission's analysis shall not be required for a utility's routine system replacements or determinations that do not pertain to capital improvements or operations; and
- (4) 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 Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 561, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 561, H.D. 2, S.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Commerce and  
Consumer Protection,



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ROSALYN H. BAKER, Chair



The Senate  
Thirty-First Legislature  
State of Hawai'i

**Record of Votes**  
**Committee on Commerce and Consumer Protection**  
**CPN**

Bill / Resolution No.:* HB561 HD2 SD1	Committee Referral: EET, CPN	Date: 04/01/2021
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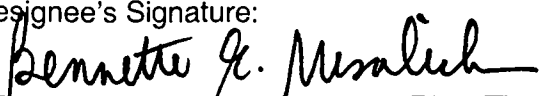
The Committee is reconsidering its previous decision on this measure.  
If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312      Pass, with amendments 2311      Hold 2310      Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
CHANG, Stanley (VC)	✓			
MISALUCHA, Bennette E.	✓			
NISHIHARA, Clarence K.	✓			
RIVIERE, Gil	✓			
SAN BUENAVENTURA, Joy A.	✓			
FEVELLA, Kurt	✓			
<b>TOTAL</b>	67	10m		

Recommendation:      Adopted      Not Adopted

Chair's or Designee's Signature:  


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\*Only one measure per Record of Votes