



GOV. MSG. NO. 1184

EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

June 24, 2021

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Thirty First State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Thirty First State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on June 24, 2021, the following bill was signed into law:

HB0561 HD2 SD2 CD1

RELATING TO ENERGY
ACT 082 (21)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

ORIGINAL

Approved by the Governor

on JUN 24 2021

HOUSE OF REPRESENTATIVES
THIRTY-FIRST LEGISLATURE, 2021
STATE OF HAWAII

ACT 082

H.B. NO.

561
H.D. 2
S.D. 2
C.D. 1

A BILL FOR AN ACT

RELATING TO ENERGY.

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

- 1 SECTION 1. Section 269-6, Hawaii Revised Statutes, is
2 amended to read as follows:
- 3 "**§269-6 General powers and duties.** (a) The public
4 utilities commission shall have the general supervision
5 hereinafter set forth over all public utilities, and shall
6 perform the duties and exercise the powers imposed or conferred
7 upon it by this chapter. Included among the general powers of
8 the commission is the authority to adopt rules pursuant to
9 chapter 91 necessary for the purposes of this chapter.
- 10 (b) The public utilities commission shall consider the
11 need to reduce the State's reliance on fossil fuels through
12 energy efficiency and increased renewable energy generation in
13 exercising its authority and duties under this chapter. In
14 making determinations of the reasonableness of the costs [e~~f~~]
15 pertaining to electric or gas utility system capital
16 improvements and operations, the commission shall explicitly



1 consider, quantitatively or qualitatively, the effect of the
2 State's reliance on fossil fuels on [~~price~~]:

- 3 (1) Price volatility[~~, export~~];
- 4 (2) Export of funds for fuel imports[~~, fuel~~];
- 5 (3) Fuel supply reliability risk[~~, and greenhouse~~]; and
- 6 (4) Greenhouse gas emissions.

7 The commission may determine that short-term costs or direct
8 costs of renewable energy generation that are higher than
9 alternatives relying more heavily on fossil fuels are
10 reasonable, considering the impacts resulting from the use of
11 fossil fuels. The public utilities commission shall determine
12 whether such analysis is necessary for proceedings involving
13 water, wastewater, or telecommunications providers on an
14 individual basis.

15 (c) The analysis described in subsection (b) shall not be
16 required for a utility's routine system replacements, such as
17 overhauls and overhead or underground line determinations, or
18 determinations that do not pertain to capital improvements or
19 operations, including but not limited to financing requests.

20 [~~(e)~~] (d) In exercising its authority and duties under this
21 chapter, the public utilities commission shall consider the



1 costs and benefits of a diverse fossil fuel portfolio and of
2 maximizing the efficiency of all electric utility assets to
3 lower and stabilize the cost of electricity. Nothing in this
4 section shall subvert the obligation of electric utilities to
5 meet the renewable portfolio standards set forth in
6 section 269-92.

7 [~~(d)~~] (e) The public utilities commission, in carrying out
8 its responsibilities under this chapter, shall consider whether
9 the implementation of one or more of the following economic
10 incentives or cost recovery mechanisms would be in the public
11 interest:

12 (1) The establishment of a shared cost savings incentive
13 mechanism designed to induce a public utility to
14 reduce energy costs and operating costs and accelerate
15 the implementation of energy cost reduction practices;

16 (2) The establishment of a renewable energy curtailment
17 mitigation incentive mechanism to encourage public
18 utilities to implement curtailment mitigation
19 practices when lower cost renewable energy is
20 available but not utilized through the sharing of



1 energy cost savings between the public utility,
2 ratepayer, and affected renewable energy projects;
3 (3) The establishment of a stranded cost recovery
4 mechanism to encourage the accelerated retirement of
5 an electric utility fossil fuel electric generation
6 plant by allowing an electric utility to recover the
7 stranded costs created by early retirement of a fossil
8 generation plant; and
9 (4) The establishment of differentiated authorized rates
10 of return on common equity to encourage increased
11 utility investments in transmission and distribution
12 infrastructure, discourage an electric utility
13 investment in fossil fuel electric generation plants
14 to incentivize grid modernization, and disincentivize
15 fossil generation, respectively.
16 [~~e~~] f The chairperson of the commission may appoint a
17 hearings officer, who shall not be subject to chapter 76, to
18 hear and recommend decisions in any proceeding before it other
19 than a proceeding involving the rates or any other matters
20 covered in the tariffs filed by the public utilities. The
21 hearings officer shall have the power to take testimony, make



1 findings of fact and conclusions of law, and recommend a
2 decision; provided that the findings of fact, the conclusions of
3 law, and the recommended decision shall be reviewed and may be
4 approved by the commission after notice to the parties and an
5 opportunity to be heard. The hearings officer shall have all of
6 the above powers conferred upon the public utilities commission
7 under section 269-10."

8 SECTION 2. Section 269-16.1, Hawaii Revised Statutes, is
9 amended by amending subsection (b) to read as follows:

10 "(b) In developing performance incentive and penalty
11 mechanisms, the public utilities commission's review of electric
12 utility performance shall consider, but not be limited to, the
13 following:

- 14 (1) The economic incentives and cost-recovery mechanisms
15 described in section [~~269-6(d)~~] 269-6(e);
- 16 (2) Volatility and affordability of electric rates and
17 customer electric bills;
- 18 (3) Electric service reliability;
- 19 (4) Customer engagement and satisfaction, including
20 customer options for managing electricity costs;



- 1 (5) Access to utility system information, including but
2 not limited to public access to electric system
3 planning data and aggregated customer energy use data
4 and individual access to granular information about an
5 individual customer's own energy use data;
- 6 (6) Rapid integration of renewable energy sources,
7 including quality interconnection of customer-sited
8 resources; and
- 9 (7) Timely execution of competitive procurement,
10 third-party interconnection, and other business
11 processes."

12 SECTION 3. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 4. This Act shall take effect upon its approval.

APPROVED this 24 day of JUN, 2021



GOVERNOR OF THE STATE OF HAWAII



HB No. 561, HD 2, SD 2, CD 1

THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: April 27, 2021
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Thirty-First Legislature of the State of Hawaii, Regular Session of 2021.



Scott K. Saiki
Speaker
House of Representatives




Brian L. Takeshita
Chief Clerk
House of Representatives

THE SENATE OF THE STATE OF HAWAI‘I

Date: April 27, 2021
Honolulu, Hawaii 96813

We hereby certify that the foregoing Bill this day passed Final Reading in the Senate of the Thirty-First Legislature of the State of Hawai‘i, Regular Session of 2021.


President of the Senate


Clerk of the Senate