
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 [øf]
15 pertaining to electric or gas utility system capital
16 improvements and operations, the commission shall explicitly
17 consider, quantitatively or qualitatively, the effect of the



1 State's reliance on fossil fuels on price volatility, export of
2 funds for fuel imports, fuel supply reliability risk, and
3 greenhouse gas emissions. The commission may determine that
4 short-term costs or direct costs that are higher than
5 alternatives relying more heavily on fossil fuels are
6 reasonable, considering the impacts resulting from the use of
7 fossil fuels. The public utilities commission shall determine
8 whether such analysis is necessary for proceedings involving
9 water, wastewater, or telecommunications providers on an
10 individual basis.

11 (c) The analysis described in subsection (b) shall not be
12 required for an electric or a gas utility's routine system
13 replacements, such as overhead line determinations, or
14 determinations that do not pertain to capital improvements or
15 operations, such as financing requests.

16 [~~e~~] (d) In exercising its authority and duties under
17 this chapter, the public utilities commission shall consider the
18 costs and benefits of a diverse fossil fuel portfolio and of
19 maximizing the efficiency of all electric utility assets to
20 lower and stabilize the cost of electricity. Nothing in this
21 section shall subvert the obligation of electric utilities to



1 meet the renewable portfolio standards set forth in
2 section 269-92.

3 ~~(d)~~ (e) The public utilities commission, in carrying out
4 its responsibilities under this chapter, shall consider whether
5 the implementation of one or more of the following economic
6 incentives or cost recovery mechanisms would be in the public
7 interest:

8 (1) The establishment of a shared cost savings incentive
9 mechanism designed to induce a public utility to
10 reduce energy costs and operating costs and accelerate
11 the implementation of energy cost reduction practices;

12 (2) The establishment of a renewable energy curtailment
13 mitigation incentive mechanism to encourage public
14 utilities to implement curtailment mitigation
15 practices when lower cost renewable energy is
16 available but not utilized through the sharing of
17 energy cost savings between the public utility,
18 ratepayer, and affected renewable energy projects;

19 (3) The establishment of a stranded cost recovery
20 mechanism to encourage the accelerated retirement of
21 an electric utility fossil fuel electric generation



1 plant by allowing an electric utility to recover the
2 stranded costs created by early retirement of a fossil
3 generation plant; and

4 (4) The establishment of differentiated authorized rates
5 of return on common equity to encourage increased
6 utility investments in transmission and distribution
7 infrastructure, discourage an electric utility
8 investment in fossil fuel electric generation plants
9 to incentivize grid modernization, and disincentivize
10 fossil generation, respectively.

11 [~~e~~] (f) The chairperson of the commission may appoint a
12 hearings officer, who shall not be subject to chapter 76, to
13 hear and recommend decisions in any proceeding before it other
14 than a proceeding involving the rates or any other matters
15 covered in the tariffs filed by the public utilities. The
16 hearings officer shall have the power to take testimony, make
17 findings of fact and conclusions of law, and recommend a
18 decision; provided that the findings of fact, the conclusions of
19 law, and the recommended decision shall be reviewed and may be
20 approved by the commission after notice to the parties and an
21 opportunity to be heard. The hearings officer shall have all of



1 the above powers conferred upon the public utilities commission
2 under section 269-10."

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

5 "(b) In developing performance incentive and penalty
6 mechanisms, the public utilities commission's review of electric
7 utility performance shall consider, but not be limited to, the
8 following:

- 9 (1) The economic incentives and cost-recovery mechanisms
10 described in section [~~269-6(d);~~] 269-6(e);
- 11 (2) Volatility and affordability of electric rates and
12 customer electric bills;
- 13 (3) Electric service reliability;
- 14 (4) Customer engagement and satisfaction, including
15 customer options for managing electricity costs;
- 16 (5) Access to utility system information, including but
17 not limited to public access to electric system
18 planning data and aggregated customer energy use data
19 and individual access to granular information about an
20 individual customer's own energy use data;



1 (6) Rapid integration of renewable energy sources,
2 including quality interconnection of customer-sited
3 resources; and

4 (7) Timely execution of competitive procurement,
5 third-party interconnection, and other business
6 processes."

7 SECTION 3. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 4. This Act shall take effect on July 1, 2050.



Report Title:

Public Utilities Commission; Utilities; Reasonableness of Costs

Description:

Requires 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. Provides 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. Effective 7/1/2050. (HD2)

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