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# A BILL FOR AN ACT

RELATING TO RENEWABLE STANDARDS.

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

1           SECTION 1. The legislature finds that Hawaii's dependency  
2 on imported fuel drains our economy of billions of dollars each  
3 year. A stronger local economy depends on a transition away from  
4 imported fuels and toward renewable local resources that provide  
5 a secure source of affordable energy.

6           The legislature further finds that alternative energy  
7 technologies have advanced significantly in recent years, leading  
8 to an explosion of new markets, jobs, and local energy sources.  
9 Due to these and other advances, Hawaii is currently ahead of its  
10 timeline in reaching its goal of becoming forty per cent  
11 renewable by 2030.

12           The legislature also finds that Hawaii is in a period of  
13 energy transition, with many long-term agreements soon to be  
14 executed for new forms of imported fuels that may act as  
15 temporary "bridge" fuels until local sources of renewable energy  
16 can be developed.

17           The purpose of this Act is to update and extend Hawaii's  
18 clean energy initiative and renewable portfolio standards to  
19 ensure maximum long-term benefit to Hawaii's economy by setting a



1 goal of one hundred per cent renewable by 2045; provided that  
2 extending the renewable portfolio standard goals and transition  
3 to energy independence beyond 2030 shall be undertaken in a  
4 manner that benefits Hawaii's economy and all electric customers,  
5 maintains customer affordability, and does not induce renewable  
6 energy developers to artificially increase the price of renewable  
7 energy in Hawaii. This target will ensure that Hawaii moves  
8 beyond its dependence on imported fuels and continues to grow a  
9 local renewable energy industry.

10 SECTION 2. Section 269-92, Hawaii Revised Statutes, is  
11 amended as follows:

12 1. By amending subsection (a) to read:

13 "(a) Each electric utility company that sells electricity  
14 for consumption in the State shall establish a renewable  
15 portfolio standard of:

16 (1) Ten per cent of its net electricity sales by December  
17 31, 2010;

18 (2) Fifteen per cent of its net electricity sales by  
19 December 31, 2015;

20 (3) Twenty-five per cent of its net electricity sales by  
21 December 31, 2020; [~~and~~]



- 1           (4) Forty per cent of its net electricity sales by
- 2           December 31, 2030 [-];
- 3           (5) Seventy per cent of its net electricity sales by
- 4           December 31, 2035; and
- 5           (6) One hundred per cent of its net electricity sales by
- 6           December 31, 2045."

7           2. By amending subsection (d) to read:

8           "(d) Events or circumstances that are outside of an

9 electric utility company's reasonable control may include, to

10 the extent the event or circumstance could not be reasonably

11 foreseen and ameliorated:

- 12           (1) Weather-related damage;
- 13           (2) Natural disasters;
- 14           (3) Mechanical or resource failure;
- 15           (4) Failure of renewable electrical energy producers to
- 16           meet contractual obligations to the electric utility
- 17           company;
- 18           (5) Labor strikes or lockouts;
- 19           (6) Actions of governmental authorities that adversely
- 20           affect the generation, transmission, or distribution



1 of renewable electrical energy under contract to an  
2 electric utility company;

3 (7) Inability to acquire sufficient renewable electrical  
4 energy due to lapsing of tax credits related to  
5 renewable energy development;

6 (8) Inability to obtain permits or land use approvals for  
7 renewable electrical energy projects;

8 (9) Inability to acquire sufficient cost-effective  
9 renewable electrical energy;

10 (10) Inability to acquire sufficient renewable electrical  
11 energy to meet the 2035 and 2045 renewable portfolio  
12 standard goals in a manner that is beneficial to  
13 Hawaii's economy in relation to comparable fossil fuel  
14 resources;

15 [~~10~~] (11) Substantial limitations, restrictions, or  
16 prohibitions on utility renewable electrical energy  
17 projects; and

18 [~~11~~] (12) Other events and circumstances of a similar  
19 nature."

20 SECTION 3. Section 269-95, Hawaii Revised Statutes, is  
21 amended to read as follows:



1           "§269-95 Renewable portfolio standards study. The public  
2 utilities commission shall:

3           (1) By December 31, 2007, develop and implement a utility  
4 ratemaking structure, which may include performance-  
5 based ratemaking, to provide incentives that encourage  
6 Hawaii's electric utility companies to use cost-  
7 effective renewable energy resources found in Hawaii  
8 to meet the renewable portfolio standards established  
9 in section 269-92, while allowing for deviation from  
10 the standards in the event that the standards cannot  
11 be met in a cost-effective manner or as a result of  
12 events or circumstances, such as described in section  
13 269-92(d), beyond the control of the electric utility  
14 company that could not have been reasonably  
15 anticipated or ameliorated;

16           (2) Gather, review, and analyze empirical data to:  
17           (A) Determine the extent to which any proposed  
18           utility ratemaking structure would impact  
19           electric utility companies' profit margins; and



1 (B) Ensure that the electric utility companies'  
2 opportunity to earn a fair rate of return is not  
3 diminished;

4 (3) Use funds from the public utilities special fund to  
5 contract with the Hawaii natural energy institute of  
6 the University of Hawaii to conduct independent  
7 studies to be reviewed by a panel of experts from  
8 entities such as the United States Department of  
9 Energy, National Renewable Energy Laboratory, Electric  
10 Power Research Institute, Hawaii electric utility  
11 companies, environmental groups, and other similar  
12 institutions with the required expertise. These  
13 studies shall include findings and recommendations  
14 regarding:

15 (A) The capability of Hawaii's electric utility  
16 companies to achieve renewable portfolio  
17 standards in a cost-effective manner and shall  
18 assess factors such as:

19 (i) The impact on consumer rates;  
20 (ii) Utility system reliability and stability;



- 1 (iii) Costs and availability of appropriate  
2 renewable energy resources and  
3 technologies[+], including the impact of  
4 renewable portfolio standards, if any, on  
5 the energy prices offered by renewable  
6 energy developers;
- 7 (iv) Permitting approvals;
- 8 (v) Effects on the economy;
- 9 (vi) Balance of trade, culture, community,  
10 environment, land, and water;
- 11 (vii) Climate change policies;
- 12 (viii) Demographics; and
- 13 (ix) Other factors deemed appropriate by the  
14 commission; and
- 15 (B) Projected renewable portfolio standards to be set  
16 five and ten years beyond the then current  
17 standards;
- 18 (4) Evaluate the renewable portfolio standards every five  
19 years, beginning in 2013, and may revise the standards  
20 based on the best information available at the time to



1 determine if the standards established by section 269-  
2 92 remain effective and achievable; and  
3 (5) Report its findings and revisions to the renewable  
4 portfolio standards, based on its own studies and  
5 other information to the legislature no later than  
6 twenty days before the convening of the regular  
7 session of 2014, and every five years thereafter."

8 SECTION 4. Statutory material to be repealed is bracketed  
9 and stricken. New statutory material is underscored.

10 SECTION 5. This Act shall take effect on July 1, 2015.





**Report Title:**

Renewable Portfolio Standards; Clean Energy Initiative

**Description:**

Increases renewable portfolio standards to 70 percent by December 31, 2035, and 100 percent by December 31, 2045. Adds the impact on renewable energy developer energy prices to PUC study and reporting requirements. (HB623 HD2)

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