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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 the State's economy of billions of  
3 dollars each year. A stronger local economy depends on a  
4 transition away from imported fuels and toward renewable local  
5 resources that provide 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  
20 goal of one hundred per cent renewable by 2050; provided that



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

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

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

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

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

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

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

21 (4) Forty per cent of its net electricity sales by  
22 December 31, 2030[~~+~~];



1        (5) Seventy per cent of its net electricity sales by  
2                December 31, 2040; and

3        (6) One hundred per cent of its net electricity sales by  
4                December 31, 2050."

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

6            "(d) Events or circumstances that are outside of an  
7 electric utility company's reasonable control may include, to  
8 the extent the event or circumstance could not be reasonably  
9 foreseen and ameliorated:

10           (1) Weather-related damage;

11           (2) Natural disasters;

12           (3) Mechanical or resource failure;

13           (4) Failure of renewable electrical energy producers to  
14 meet contractual obligations to the electric utility  
15 company;

16           (5) Labor strikes or lockouts;

17           (6) Actions of governmental authorities that adversely  
18 affect the generation, transmission, or distribution  
19 of renewable electrical energy under contract to an  
20 electric utility company;



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

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

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

8 (10) Inability to acquire sufficient renewable electrical  
9 energy to meet the 2040 and 2050 renewable portfolio  
10 standard goals in a manner that is beneficial to  
11 Hawaii's economy in relation to comparable fossil fuel  
12 resources;

13 [~~+10~~] (11) Substantial limitations, restrictions, or  
14 prohibitions on utility renewable electrical energy  
15 projects; and

16 [~~+11~~] (12) Other events and circumstances of a similar  
17 nature."

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

20 "**§269-95 Renewable portfolio standards study.** The public  
21 utilities commission shall:

- 1           (1) By December 31, 2007, develop and implement a utility  
2           ratemaking structure, which may include performance-  
3           based ratemaking, to provide incentives that encourage  
4           Hawaii's electric utility companies to use cost-  
5           effective renewable energy resources found in Hawaii  
6           to meet the renewable portfolio standards established  
7           in section 269-92, while allowing for deviation from  
8           the standards in the event that the standards cannot  
9           be met in a cost-effective manner or as a result of  
10          events or circumstances, such as described in section  
11          269-92(d), beyond the control of the electric utility  
12          company that could not have been reasonably  
13          anticipated or ameliorated;
- 14          (2) .Gather, review, and analyze empirical data to:
- 15                (A) Determine the extent to which any proposed  
16                utility ratemaking structure would impact  
17                electric utility companies' profit margins; and
- 18                (B) Ensure that the electric utility companies'  
19                opportunity to earn a fair rate of return is not  
20                diminished;



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

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

16               (i) The impact on consumer rates;  
17               (ii) Utility system reliability and stability;  
18               (iii) Costs and availability of appropriate  
19               renewable energy resources and  
20               technologies[+], including the impact of  
21               renewable portfolio standards, if any, on



- 1                   the energy prices offered by renewable  
2                   energy developers;
- 3                   (iv) Permitting approvals;
- 4                   (v) Effects on the economy;
- 5                   (vi) Balance of trade, culture, community,  
6                   environment, land, and water;
- 7                   (vii) Climate change policies;
- 8                   (viii) Demographics; [~~and~~]
- 9                   (ix) Cost of fossil fuel volatility; and
- 10                  [~~(ix)~~] (x) Other factors deemed appropriate by the  
11                   commission; and
- 12                  (B) Projected renewable portfolio standards to be set  
13                   five and ten years beyond the then current  
14                   standards;
- 15                  (4) Evaluate the renewable portfolio standards every five  
16                   years, beginning in 2013, and may revise the standards  
17                   based on the best information available at the time to  
18                   determine if the standards established by section  
19                   269-92 remain effective and achievable; and
- 20                  (5) Report its findings and revisions to the renewable  
21                   portfolio standards, based on its own studies and



1           other information, to the legislature no later than  
2           twenty days before the convening of the regular  
3           session of 2014, and every five years thereafter."

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

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





**Report Title:**

Renewable Portfolio Standards; Clean Energy Initiative; Public Utilities Commission

**Description:**

Increases renewable portfolio standards to thirty per cent by December 31, 2020, seventy per cent by December 31, 2040, and one hundred per cent by December 31, 2050. Requires the public utilities commission to include the impact of renewable portfolio standards, if any, on the energy prices offered by renewable energy developers and the cost of fossil fuel volatility in its renewable portfolio standards study and report to the legislature. (SD2)

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