

STAND. COM. REP. NO. 3576

Honolulu, Hawaii

APR 08 2016

RE: H.B. No. 2291  
H.D. 2  
S.D. 1

Honorable Ronald D. Kouchi  
President of the Senate  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Transportation and Energy, to which was referred H.B. No. 2291, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY,"

begs leave to report as follows:

The purpose and intent of this measure is to amend the definition of "renewable portfolio standard" to base the calculation on electrical energy generation rather than electrical energy sales.

Your Committee received testimony in support of this measure from the Department of Transportation; Department of Business, Economic Development, and Tourism; Distributed Energy Resources Council of Hawaii; Ulupono Initiative; Enersol Hawaii; Hawaii Energy Policy Forum; Hawaii Solar Energy Association, Inc; Hawai'i Lodging & Tourism Association; Blue Planet Foundation; Enerdigm Ventures; and numerous individuals. Your Committee received testimony in opposition to this measure from the Land Use Research Foundation of Hawaii and Building Industry Association of Hawaii. Your Committee received comments on this measure from the Public Utilities Commission and Hawaiian Electric Company, Inc.

Your Committee finds that the per kilo watt hour cost of electricity in the State of Hawaii exceeds the same per kilo watt hour cost in every other state in the nation. Reducing electricity costs depends in part on diversifying the energy sources within the State. Tax incentives for solar and wind

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energy will advance the growth of renewable energy and accelerate progress toward the State's goal of one hundred percent renewable energy by 2045. Your Committee believes that allowing tax credits to incentivize traditional grid connected solar systems and energy storage systems will bolster renewable energy in Hawaii. With recent changes in solar policy there will be a greater emphasis within the market for energy storage systems. These tax incentives will accelerate the innovation and adoption of energy storage and benefit customers, the utility, and the State.

Your Committee has amended this measure by:

- (1) Deleting its contents and inserting the contents of S.B. No. 2738, S.D. 2, which replaces the current renewable energy technology systems tax credit with tax credits for solar energy property, wind energy property, and energy storage property; and
- (2) Applying the tax credits to taxable years beginning after December 1, 2016.

Your Committee further amended this measure by:

- (1) Making it effective upon approval; and
- (2) Making a technical, nonsubstantive amendment for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Transportation and Energy that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2291, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2291, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Respectfully submitted on  
behalf of the members of the  
Committee on Transportation and  
Energy,

  
LORRAINE R. INOUE, Chair



