
A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

1 SECTION 1. The purpose of this Act is to amend the
2 definition of renewable portfolio standard to more accurately
3 reflect the percentage of renewable energy penetration in the
4 State. Section 269-92, Hawaii Revised Statutes, establishes a
5 one hundred per cent renewable portfolio standard by 2045, with
6 the intention of transitioning the State away from imported
7 fuels and toward renewable local resources that provide a secure
8 source of affordable energy. Section 226-18, Hawaii Revised
9 Statutes, states in part that planning for the State's facility
10 systems with regard to energy shall be directed toward the
11 achievement of the objective of increased energy security and
12 self-sufficiency through the reduction and ultimate elimination
13 of Hawaii's dependence on imported fuels for electrical
14 generation.

15 Creating a more accurate depiction of renewable energy
16 penetration is accomplished by amending the renewable portfolio
17 standard calculation to be based on electrical energy generation
18 as opposed to electrical energy sales. Failure to address this



1 accounting error means that the current renewable portfolio
2 standard calculation (renewable energy divided by total
3 electricity sales) would overestimate the amount of renewable
4 energy serving Hawaii's electric utility customers. There are
5 two fundamental issues that lead to the current discrepancy:

6 (1) The current renewable portfolio standard calculation
7 inflates the reported percentage of renewable energy
8 by excluding renewables from customer-sited, grid-
9 connected renewable energy generation in the
10 denominator, which becomes material with higher levels
11 of customer-sited, grid-connected renewable energy
12 generation and higher renewable portfolio standard
13 percentages; and

14 (2) The current electrical energy sales number does not
15 include energy losses that occur between the points of
16 electrical energy generation and the customer meter
17 where sales are measured. Failure to address these
18 issues would create the incorrect public perception of
19 the State's progress towards its one hundred per cent
20 renewable energy statutory goal.



1 SECTION 2. Section 269-91, Hawaii Revised Statutes, is
2 amended as follows:

3 1. By adding a new definition of "grid-connected" to read:

4 "Grid-connected" means interconnected to the Hawaii
5 electric system under an existing standard or rule approved by
6 the commission; provided that this shall not apply where the
7 generation is used exclusively for emergency service in case of
8 failure of the normal supply from the Hawaii electric system."

9 2. By amending the definition of "renewable portfolio
10 standard" to read:

11 "Renewable portfolio standard" means the percentage of
12 total renewable electrical energy [~~sales that is represented by~~]
13 generated from grid-connected renewable [electrical] energy[-]
14 systems to the total electrical energy generated from grid-
15 connected energy systems."

16 SECTION 3. Section 269-92, Hawaii Revised Statutes, is
17 amended to read as follows:

18 **"§269-92 Renewable portfolio standards.** (a) Each
19 electric utility company that sells electricity for consumption
20 in the State shall establish a renewable portfolio standard of:



- 1 (1) Ten per cent [~~of its net electricity sales~~] by
- 2 December 31, 2010;
- 3 (2) Fifteen per cent [~~of its net electricity sales~~] by
- 4 December 31, 2015;
- 5 (3) Thirty per cent [~~of its net electricity sales~~] by
- 6 December 31, 2020;
- 7 (4) Forty per cent [~~of its net electricity sales~~] by
- 8 December 31, 2030;
- 9 (5) Seventy per cent [~~of its net electricity sales~~] by
- 10 December 31, 2040; and
- 11 (6) One hundred per cent [~~of its net electricity sales~~] by
- 12 December 31, 2045.

13 (b) All electric grid-connected energy systems shall be
14 one hundred per cent renewable energy systems by December 31,
15 2045.

16 ~~(b)~~ (c) The public utilities commission may establish
17 standards for each utility that prescribe what portion of the
18 renewable portfolio standards shall be met by specific types of
19 renewable energy resources; provided that:

- 20 (1) Prior to January 1, 2015, at least fifty per cent of
- 21 the renewable portfolio standards shall be met by



1 electrical energy generated using renewable energy as
2 the source, and after December 31, 2014, the entire
3 renewable portfolio standard shall be met by
4 electrical generation from renewable energy sources;

5 (2) Beginning January 1, 2015, electrical energy savings
6 shall not count toward renewable energy portfolio
7 standards;

8 (3) Where electrical energy is generated or displaced by a
9 combination of renewable and nonrenewable means, the
10 proportion attributable to the renewable means shall
11 be credited as renewable energy; and

12 (4) Where fossil and renewable fuels are co-fired in the
13 same generating unit; the unit shall be considered to
14 generate renewable electrical energy (electricity) in
15 direct proportion to the percentage of the total heat
16 input value represented by the heat input value of the
17 renewable fuels.

18 [~~e~~] (d) If the public utilities commission determines
19 that an electric utility company failed to meet the renewable
20 portfolio standard, after a hearing in accordance with chapter
21 91, the utility shall be subject to penalties to be established



1 by the public utilities commission; provided that if the
2 commission determines that the electric utility company is
3 unable to meet the renewable portfolio standards due to reasons
4 beyond the reasonable control of an electric utility, as set
5 forth in subsection [~~(d)~~,] (e), the commission, in its
6 discretion, may waive in whole or in part any otherwise
7 applicable penalties.

8 [~~(d)~~] (e) 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 renewable portfolio standard goals
- 12 beyond 2030 in a manner that is beneficial to Hawaii's
- 13 economy in relation to comparable fossil fuel
- 14 resources;
- 15 (11) Substantial limitations, restrictions, or prohibitions
- 16 on utility renewable electrical energy projects; and
- 17 (12) Other events and circumstances of a similar nature."

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

20 SECTION 5. This Act shall take effect upon its approval.



Report Title:

Renewable Portfolio Standard; Definition; Calculation

Description:

Clarifies the renewable portfolio standard law. Requires all electric grid connected energy systems to be 100 per cent renewable energy by 12/31/45. Amends the "renewable portfolio standard" definition to more accurately reflect the amount of renewable energy generation in Hawaii by amending the renewable portfolio standard calculation to be based on electrical energy generation as opposed to electrical energy sales and to properly account for customer-sided, grid-connected resources. (SD1)

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