

---

---

# A BILL FOR AN ACT

RELATING TO RENEWABLE PORTFOLIO STANDARDS.

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

1           SECTION 1. The legislature finds that Act 97, Session Laws  
2 of Hawaii 2015, amended section 269-92, Hawaii Revised Statutes,  
3 to establish a one hundred per cent renewable portfolio standard  
4 by December 31, 2045, with the intent to transition the State  
5 away from imported fuels and toward renewable local resources  
6 that provide a secure source of affordable energy.

7           The legislature further finds that Act 15, Session Laws of  
8 Hawaii 2018, established a zero emissions clean economy target  
9 "to sequester more atmospheric carbon and greenhouse gases than  
10 emitted within the State as quickly as practicable, but no later  
11 than 2045". Since the enactment of these Acts, the need to  
12 reduce fossil fuel emissions globally to avoid the worst impacts  
13 of climate change has become increasingly urgent. In addition,  
14 studies indicate that accelerating the adoption of renewable  
15 energy will cost less than the course laid out by the current  
16 renewable portfolio standard interim benchmarks.



1           The legislature further finds that speeding the deployment  
2 of renewable energy will create thousands of jobs and position  
3 Hawaii at the forefront of energy innovation and investment.

4           The legislature also finds that the current calculation of  
5 the renewable portfolio standard, based on electrical energy  
6 sales rather than on electrical energy generation, overestimates  
7 the amount of renewable energy serving Hawaii's electric utility  
8 customers and does not accurately reflect Hawaii's progress  
9 towards its stated energy and climate goals. There are two  
10 fundamental issues that lead to the current discrepancy:

- 11           (1) The current renewable portfolio standard calculation  
12           inflates the reported percentage of renewable energy  
13           by excluding customer-sited, grid-connected energy  
14           generation in the denominator, which becomes material  
15           with higher levels of customer-sited, grid-connected  
16           renewable energy generation; and
- 17           (2) The current electrical energy sales number does not  
18           include energy losses that occur between the points of  
19           electrical energy generation and the customer meter,  
20           where sales are measured.



1           The legislature additionally finds that failure to address  
2 these issues creates an incorrect measure of the State's  
3 progress toward the stated goals. Also, the current definition  
4 of "renewable portfolio standard" allows for the continued use  
5 of fossil fuel in significant amounts even after reaching the  
6 target for 2045. According to the Power Supply Improvement Plan  
7 prepared by the Hawaiian Electric Company in 2016, the one  
8 hundred per cent renewable portfolio standard level (with the  
9 current definition, based on sales) could theoretically be  
10 reached when only seventy-nine per cent of the electricity is  
11 renewable and the other twenty-one per cent is still fossil  
12 fuel. Changing the renewable portfolio standard to be based on  
13 generation, rather than sales, would ensure that the intended  
14 outcome is achieved.

15           Therefore, the purpose of this Act is to:

- 16           (1) Amend the definition of "renewable portfolio standard"  
17           to more accurately reflect the percentage of renewable  
18           electrical energy generated in the State; and  
19           (2) Expand the events or circumstances that are beyond an  
20           electric utility company's reasonable control to  
21           include non-renewable energy generated by electric



1 generation facilities where the electric utility does  
2 not have direct control or ownership.

3 SECTION 2. Section 269-91, Hawaii Revised Statutes, is  
4 amended by amending the definition of "renewable portfolio  
5 standard" to read as follows:

6 "Renewable portfolio standard" means the percentage of  
7 electrical energy [~~sales~~] generation that is represented by  
8 renewable electrical energy[~~-~~], excluding customer-sited, grid  
9 connected generation that does not produce renewable energy."

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

12 "**§269-92 Renewable portfolio standards.** (a) Each  
13 electric utility company that sells electricity for consumption  
14 in the State shall establish a renewable 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) Thirty per cent of its net electricity sales by  
20 December 31, 2020;



- 1 (4) Forty per cent of its net electricity [~~sales~~  
2 generation by December 31, 2030;
- 3 (5) Seventy per cent of its net electricity [~~sales~~  
4 generation by December 31, 2040; and
- 5 (6) One hundred per cent of its net electricity [~~sales~~  
6 generation by December 31, 2045.
- 7 (b) The public utilities commission may establish  
8 standards for each electric utility company that prescribe  
9 [~~what~~] the portion of the renewable portfolio standards that  
10 shall be met by specific types of renewable energy resources;  
11 provided that:
- 12 (1) Prior to January 1, 2015, at least fifty per cent of  
13 the renewable portfolio standards shall be met by  
14 electrical energy generated using renewable energy as  
15 the source, and after December 31, 2014, the entire  
16 renewable portfolio standard shall be met by  
17 electrical generation from renewable energy sources;
- 18 (2) Beginning January 1, 2015, electrical energy savings  
19 shall not count toward renewable energy portfolio  
20 standards;



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

5           (4) Where fossil and renewable fuels are co-fired in the  
6           same generating unit, the unit shall be considered to  
7           generate renewable electrical energy (electricity) in  
8           direct proportion to the percentage of the total heat  
9           input value represented by the heat input value of the  
10          renewable fuels.

11          (c) If the public utilities commission determines that an  
12          electric utility company failed to meet the renewable portfolio  
13          standard, after a hearing in accordance with chapter 91, the  
14          utility shall be subject to penalties to be established by the  
15          public utilities commission; provided that if the commission  
16          determines that the electric utility company is unable to meet  
17          the renewable portfolio standards [~~due to~~] because of reasons  
18          beyond the reasonable control of an electric utility, as set  
19          forth in subsection (d), the commission, in its discretion, may  
20          waive in whole or in part any otherwise applicable penalties.



1 (d) Events or circumstances that are [~~outside of~~] beyond  
2 an electric utility company's reasonable control may include, to  
3 the extent the event or circumstance could not be reasonably  
4 foreseen and ameliorated:

- 5 (1) Weather-related damage;
- 6 (2) Natural disasters;
- 7 (3) Mechanical or resource failure;
- 8 (4) Failure of renewable electrical energy producers to  
9 meet contractual obligations to the electric utility  
10 company;
- 11 (5) Labor strikes or lockouts;
- 12 (6) Actions of governmental authorities that adversely  
13 affect the generation, transmission, or distribution  
14 of renewable electrical energy under contract to an  
15 electric utility company;
- 16 (7) Inability to acquire sufficient renewable electrical  
17 energy due to lapsing of tax credits related to  
18 renewable energy development;
- 19 (8) Inability to obtain permits or land use approvals for  
20 renewable electrical energy projects;



- 1 (9) Inability to acquire sufficient cost-effective  
2 renewable electrical energy;
- 3 (10) Inability to acquire sufficient renewable electrical  
4 energy to meet the renewable portfolio standard goals  
5 beyond 2030 in a manner that is beneficial to Hawaii's  
6 economy in relation to comparable fossil fuel  
7 resources;
- 8 (11) Substantial limitations, restrictions, or prohibitions  
9 on utility renewable electrical energy projects; ~~and~~
- 10 (12) Other events and circumstances of a similar nature[-];  
11 and
- 12 (13) Non-renewable energy generated by electric generation  
13 facilities over which or of which the electric utility  
14 company otherwise does not have direct control or  
15 ownership, including merchant or co-generation  
16 facilities, independent power producers, government  
17 and non-government agencies, and any persons or  
18 entities.
- 19 (e) Each electric utility company shall track and report  
20 to the commission, on an annual basis, data and trends regarding  
21 customer retention or attrition."





1 SECTION 4. This Act does not affect rights and duties that  
2 matured, penalties that were incurred, and proceedings that were  
3 begun before its effective date.

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

6 SECTION 6. This Act shall take effect on July 1, 2100.

7



**Report Title:**

Renewable Portfolio Standards; Electricity

**Description:**

Amends the definition of "renewable portfolio standard" to be a percentage of electrical energy generation, rather than sales, excluding customer-sited fossil fuel generation. Expands the events or circumstances that are beyond an electric utility company's reasonable control to include non-renewable energy generated by electric generation facilities over or of which the electric utility does not have direct control or ownership. Effective 7/1/2100. (HD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

