
A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

1 SECTION 1. Section 269-95, Hawaii Revised Statutes, is
2 amended to read as follows:

3 " [f] **§269-95 [f]** **Renewable portfolio standards study.** The
4 public utilities commission shall:

- 5 (1) By December 31, 2006, develop and implement a utility
6 ratemaking structure which may include but is not
7 limited to performance-based ratemaking, to provide
8 incentives that encourage Hawaii's electric utility
9 companies to use cost-effective renewable energy
10 resources found in Hawaii to meet the renewable
11 portfolio standards established in section 269-92,
12 while allowing for deviation from the standards in the
13 event that the standards cannot be met in a
14 cost-effective manner, or as a result of circumstances
15 beyond the control of the utility which could not have
16 been reasonably anticipated or ameliorated;
- 17 (2) Gather, review, and analyze empirical data to
18 determine the extent to which any proposed utility



1 ratemaking structure would impact electric utility
2 companies' profit margins, and to ensure that [~~these~~
3 ~~profit margins do not decrease~~] the electric utility
4 companies' opportunity to earn a fair rate of return
5 is not diminished as a result of the implementation of
6 the proposed ratemaking structure;

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

17 (A) The capability of Hawaii's electric utility
18 companies to achieve renewable portfolio
19 standards in a cost-effective manner, and shall
20 assess factors such as the impact on consumer
21 rates, utility system reliability and stability,
22 costs and availability of appropriate renewable

1 energy resources and technologies, permitting
2 approvals, impacts on the economy, culture,
3 community, environment, land and water,
4 demographics, and other factors deemed
5 appropriate by the commission; and

6 (B) Projected renewable portfolio standards to be set
7 five and ten years beyond the then current
8 standards;

9 (4) Revise the standards based on the best information
10 available at the time if the results of the studies
11 conflict with the renewable portfolio standards
12 established by section 269-92; and

13 (5) Report its findings and revisions to the renewable
14 portfolio standards based on its own studies and those
15 contracted under paragraph (3), to the legislature no
16 later than twenty days before the convening of the
17 regular session of 2009, and every five years
18 thereafter."

19 SECTION 2. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.

H.B. NO. 2619

1 SECTION 3. This Act shall take effect upon its approval.

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JAN 24 2006



HB 2619

Report Title:

Renewable Energy Rate-making Structure

Description:

Ensures that electric utility companies are afforded an opportunity to earn a fair rate of return, rather than providing that their profit margins will not decrease as a result of any proposed utility rate-making structure.

