
A BILL FOR AN ACT

RELATING TO ENERGY.

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

1 SECTION 1. Chapter 269, Hawaii Revised Statutes, is
2 amended by adding four new sections to be appropriately
3 designated and to read as follows:

4 "§269-A Public benefits fund; authorization. The public
5 utilities commission, by order or rule, may redirect all or a
6 portion of the funds collected through the current demand-side
7 management surcharge by Hawaii's electric utilities into a
8 public benefits fund that may be established by the public
9 utilities commission. If the public utilities commission
10 establishes a public benefits fund, the surcharge shall be known
11 as the public benefits fee. Moneys in the fund shall be
12 ratepayer funds that shall be used to support energy efficiency
13 and demand-side management programs and services, subject to the
14 review and approval of the public utilities commission. These
15 moneys shall not be available to meet any current or past
16 general obligations of the State.

17 §269-B Public benefits fund administrator; establishment.
18 If the public utilities commission establishes a public benefits



1 fund, the public utilities commission shall appoint a fund
2 administrator to operate and manage any programs established
3 under section 269-A. The fund administrator shall not expend
4 more than ten per cent of the fund in any fiscal year, or other
5 reasonable percentage determined by the public utilities
6 commission, for administration of the programs established under
7 section 269-A. The fund administrator shall be subject to
8 regulation by the public utilities commission, pursuant but not
9 limited to the following sections 269-7, 269-8, 269-8.2, 269-
10 8.5, 269-9, 269-10, 269-13, 269-15, 269-19.5, and 269-28, and
11 shall report to the public utilities commission on a regular
12 basis. Notwithstanding any other provision of law to the
13 contrary, the fund administrator shall not be an electric public
14 utility or an electric public utility affiliate.

15 **§269-C Requirements for the public benefits fund**
16 **administrator.** (a) Any fund administrator appointed pursuant
17 to section 269-B shall satisfy the qualification requirements
18 established by the public utilities commission, by rule or
19 order. These requirements may include:

20 (1) Experience and expertise in energy efficient and
21 renewable energy technologies and methods; and



1 (2) Experience and expertise in identifying, developing,
2 administering, and implementing demand-side management
3 and energy efficiency programs.

4 (b) The fund administrator's duties and responsibilities
5 shall be established by the public utilities commission, by rule
6 or order, and may include the following duties:

7 (1) Identify, develop, administer, promote, implement, and
8 evaluate programs, methods, and technologies that
9 support energy efficiency and demand-side management
10 programs;

11 (2) Encourage the continuance or improvement of
12 efficiencies made in the production, delivery, and use
13 of energy efficiency and demand-side management
14 programs and services;

15 (3) Utilize the energy efficiency expertise and
16 capabilities that have developed or may develop in the
17 State and consult with state agency experts;

18 (4) Promote program initiatives, incentives, and market
19 strategies that address the needs of individuals or
20 businesses facing the most significant barriers to
21 participation;



- 1 (5) Promote coordinated program delivery, including
2 coordination with electric public utilities regarding
3 the delivery of low-income home energy assistance and
4 other demand-side management, energy efficiency
5 programs, and any utility programs;
- 6 (6) Consider innovative approaches to delivering demand-
7 side management and energy efficiency services,
8 including strategies to encourage third party
9 financing and customer contributions to the cost of
10 demand-side management and energy efficiency services;
11 and
- 12 (7) Submit to the public utilities commission for review
13 and approval a multi-year budget and planning cycle
14 that promotes program improvement, program stability,
15 and maturation of programs and delivery resources.

16 **§269-D Transitioning from utility demand-side management**
17 **programs to the public benefits fund.** If the public utilities
18 commission establishes a public benefits fund pursuant to
19 section 269-A, the public utilities commission shall:

- 20 (1) Develop a transition plan that ensures that utility
21 demand-side management programs are continued, to the
22 extent practicable, until the transition date and that



1 the fund administrator will be able to provide demand-
2 side management and energy efficiency services on the
3 transition date;

4 (2) Encourage programs that allow all retail electricity
5 customers, including state and county agencies,
6 regardless of the retail electricity or gas provider,
7 to have an opportunity to participate in, and benefit
8 from, a comprehensive set of cost-effective demand-
9 side management and energy efficiency programs and
10 initiatives designed to overcome barriers to
11 participation;

12 (3) Encourage programs, measures, and delivery mechanisms
13 that reasonably reflect current and projected utility
14 integrated resource planning, market conditions,
15 technological options, and environmental benefits;

16 (4) Facilitate the delivery of these programs as rapidly
17 as possible, taking into consideration the need for
18 these services and cost-effective delivery mechanisms;

19 (5) Consider the unique geographic location of the State
20 and the high costs of energy in developing programs
21 that will promote technologies to advance energy
22 efficiency and use of renewable energy and permit the



1 State to take advantage of activities undertaken in
2 other states, including the opportunity for multi-
3 state programs;

4 (6) Require that any entity appointed by the public
5 utilities commission under section 269-B deliver
6 programs in an effective, efficient, timely, and
7 competent manner and meet standards that are
8 consistent with state policy and public utilities
9 commission policy; and

10 (7) Before January 2, 2008, and every three years
11 thereafter, require verification by an independent
12 auditor of the reported energy and capacity savings
13 and incremental renewable energy production savings
14 associated with the programs delivered by any entity
15 appointed by the public utilities commission to
16 deliver energy efficiency and demand-side management
17 programs under section 269-A."

18 SECTION 2. Section 269-16, Hawaii Revised Statutes, is
19 amended to read as follows:

20 "**§269-16 Regulation of utility rates; ratemaking**
21 **procedures.** (a) All rates, fares, charges, classifications,
22 schedules, rules, and practices made, charged, or observed by



1 any public utility, or by two or more public utilities jointly,
2 shall be just and reasonable and shall be filed with the public
3 utilities commission. The rates, fares, classifications,
4 charges, and rules of every public utility shall be published by
5 the public utility in such manner as the public utilities
6 commission may require, and copies shall be furnished to any
7 person on request.

8 To the extent the contested case proceedings referred to in
9 chapter 91 are required in any rate proceeding in order to
10 ensure fairness and to provide due process to parties [~~which~~
11 that may be affected by rates approved by the commission, [~~such~~
12 the evidentiary hearings shall be conducted expeditiously and
13 shall be conducted as a part of the ratemaking proceeding.

14 (b) No rate, fare, charge, classification, schedule, rule,
15 or practice, other than one established pursuant to an automatic
16 rate adjustment clause previously approved by the commission,
17 shall be established, abandoned, modified, or departed from by
18 any public utility, except after thirty days' notice as
19 prescribed in section 269-12(b) to the commission and prior
20 approval by the commission for any increases in rates, fares, or
21 charges. The commission [~~may~~], in its discretion and for good
22 cause shown, may allow any rate, fare, charge, classification,



1 schedule, rule, or practice to be established, abandoned,
2 modified, or departed from upon notice less than that provided
3 for in section 269-12(b). A contested case hearing shall be
4 held in connection with any increase in rates and [~~such~~] the
5 hearing shall be preceded by a public hearing as prescribed in
6 section 269-12(c), at which the consumers or patrons of the
7 public utility may present testimony to the commission
8 concerning the increase. The commission, upon notice to the
9 public utility, may suspend the operation of all or any part of
10 the proposed rate, fare, charge, classification, schedule, rule,
11 or practice or any proposed abandonment or modification thereof
12 or departure therefrom and, after a hearing, by order may
13 regulate, fix, and change all such rates, fares, charges,
14 classifications, schedules, rules, and practices, so that the
15 same shall be just and reasonable and prohibit rebates and
16 unreasonable discrimination between localities, or between users
17 or consumers, under substantially similar conditions, regulate
18 the manner in which the property of every public utility is
19 operated with reference to the safety and accommodation of the
20 public, prescribe its form and method of keeping accounts,
21 books, and records, and its accounting system, regulate the
22 return upon its public utility property, the incurring of



1 indebtedness relating to its public utility business, and its
2 financial transactions, and do all things in addition [~~which~~]
3 that are necessary and in the exercise of [~~such~~] its power and
4 jurisdiction, all of which as so ordered, regulated, fixed, and
5 changed [~~shall be~~] are just and reasonable[~~7~~] and [~~such as~~
6 ~~shall~~] provide a fair return on the property of the utility
7 actually used or useful for public utility purposes.

8 (c) The commission [~~may~~], in its discretion and after
9 public hearing, upon showing by a public utility of probable
10 entitlement and financial need, may authorize temporary
11 increases in rates, fares, and charges; provided that the
12 commission shall by order require the public utility to return,
13 in the form of an adjustment to rates, fares, or charges to be
14 billed in the future, any amounts[~~7~~] with interest, at a rate
15 equal to the rate of return on [~~such~~] the public utility's rate
16 base found to be reasonable by the commission, received by
17 reason of [~~such~~] continued operation [~~which~~], that are in excess
18 of the rates, fares, or charges finally determined to be just
19 and reasonable by the commission. Interest on any [~~such~~] excess
20 shall commence as of the date that any rate, fare, or charge
21 goes into effect [~~which~~] that results in [~~any such~~] the excess



1 and shall continue to accrue on the balance of [~~any such~~] the
2 excess until returned.

3 (d) The commission shall make every effort to complete its
4 deliberations and issue its decision as expeditiously as
5 possible and before nine months from the date the public utility
6 filed its completed application; provided that in carrying out
7 this mandate, the commission shall require all parties to a
8 proceeding to comply strictly with procedural time schedules
9 [~~which~~] that it establishes. If a decision is rendered after
10 the nine-month period, the commission shall report in writing
11 [~~report~~] the reasons therefor to the legislature within thirty
12 days after rendering the decision.

13 Notwithstanding subsection (c), if the commission has not
14 issued its final decision on a public utility's rate application
15 within the nine-month period stated in this section, the
16 commission [~~shall~~], within one month after the expiration of the
17 nine-month period, shall render an interim decision allowing the
18 increase in rates, fares and charges, if any, to which the
19 commission, based on the evidentiary record before it, believes
20 the public utility is probably entitled. The commission may
21 postpone its interim rate decision for thirty days if the
22 commission considers the evidentiary hearings incomplete. In



1 the event interim rates are made effective, the commission shall
2 by order require the public utility to return, in the form of an
3 adjustment to rates, fares, or charges to be billed in the
4 future, any amounts ~~[7]~~ with interest, at a rate equal to the
5 rate of return on ~~[such]~~ the public utility's rate base found to
6 be reasonable by the commission, received under ~~[such]~~ the
7 interim rates ~~[which]~~, that are in excess of the rates, fares or
8 charges finally determined to be just and reasonable by the
9 commission. Interest on any ~~[such]~~ excess shall commence as of
10 the date that any rate, fare, or charge goes into effect ~~[which]~~
11 that results in ~~[any such]~~ the excess and shall continue to
12 accrue on the balance of ~~[any such]~~ the excess until returned.

13 The nine-month period in this subsection shall begin only
14 after a completed application has been filed with the commission
15 and a copy served on the consumer advocate. The commission
16 shall establish standards concerning the data required to be set
17 forth in the application in order for it to be deemed a
18 completed application. The consumer advocate ~~[may]~~, within
19 twenty-one days after receipt, may object to the sufficiency of
20 any application, and the commission shall hear and determine any
21 ~~[such]~~ objection within twenty-one days after ~~[the same]~~ it is
22 filed. If the commission finds that the objections are without



1 merit, the application shall be deemed to have been completed
2 upon original filing. If the commission finds the application
3 to be incomplete, it shall require the applicant to submit an
4 amended application consistent with its findings, and the nine-
5 month period shall not commence until the amended application is
6 filed.

7 (e) In any case of two or more organizations, trades, or
8 businesses (whether or not incorporated, whether or not
9 organized in the State of Hawaii, and whether or not affiliated)
10 owned or controlled directly or indirectly by the same
11 interests, the commission may distribute, apportion, or allocate
12 gross income, deductions, credits or allowances between or among
13 the organizations, trades, or businesses, if it determines that
14 the distribution, apportionment, or allocation is necessary in
15 order to adequately reflect the income of any such
16 organizations, trades, or businesses to carry out the regulatory
17 duties imposed by this section.

18 (f) Notwithstanding any law to the contrary, for public
19 utilities having annual gross revenues of less than \$2,000,000,
20 the commission may make and amend its rules and procedures
21 [~~which will~~] to provide the commission with sufficient facts
22 necessary to determine the reasonableness of the proposed rates



1 without unduly burdening the utility company and its customers.
2 In the determination of the reasonableness of the proposed
3 rates, the commission shall:

4 (1) Require the filing of a standard form application to
5 be developed by the commission. The standard form
6 application for general rate increases shall describe
7 the specific facts that must be submitted to support a
8 determination of the reasonableness of the proposed
9 rates, and require the submission of financial
10 information in conformance with a standard chart of
11 accounts to be approved by the commission, and other
12 commission guidelines to allow expeditious review of a
13 requested general rate increase application;

14 (2) Hold a public hearing as prescribed in section
15 269-12(c) at which the consumers or patrons of the
16 public utility may present testimony to the commission
17 concerning the increase. The public hearing shall be
18 preceded by proper notice, as prescribed in section
19 269-12; and

20 (3) Make every effort to complete its deliberations and
21 issue a proposed decision and order within six months
22 from the date the public utility files a completed



1 application with the commission[7]; provided that all
2 parties to the proceeding strictly comply with the
3 procedural schedule established by the commission and
4 no person is permitted to intervene. If a proposed
5 decision and order is rendered after the six-month
6 period, the commission shall report in writing the
7 reasons therefor to the legislature within thirty days
8 after rendering the proposed decision and order.
9 Prior to the issuance of the commission's proposed
10 decision and order, the parties shall not be entitled
11 to a contested case hearing.

12 If all parties to the proceeding accept the
13 proposed decision and order, the parties shall not be
14 entitled to a contested case hearing, and section
15 269-15.5 shall not apply. If the commission permits a
16 person to intervene, the six-month period shall not
17 apply and the commission shall make every effort to
18 complete its deliberations and issue its decision
19 within the nine-month period from the date the public
20 utility's completed application was filed, pursuant to
21 subsections (b), (c), and (d).



1 If a party does not accept the proposed decision
2 and order, either in whole or in part, that party
3 shall give notice of its objection or nonacceptance
4 within the timeframe prescribed by the commission in
5 the proposed decision and order, setting forth the
6 basis for its objection or nonacceptance; provided
7 that the proposed decision and order shall have no
8 force or effect pending the commission's final
9 decision. If notice is filed, the above six-month
10 period shall not apply and the commission shall make
11 every effort to complete its deliberations and issue
12 its decision within the nine-month period from the
13 date the public utility's completed application was
14 filed as set forth in subsection (d). Any party that
15 does not accept the proposed decision and order under
16 this paragraph shall be entitled to a contested case
17 hearing; provided that the parties to the proceeding
18 may waive the contested case hearing.

19 Public utilities subject to this subsection shall follow
20 the standard chart of accounts to be approved by the commission
21 for financial reporting purposes. The public utilities shall
22 file a certified copy of the annual financial statements in



1 addition to an updated chart of accounts used to maintain their
2 financial records with the commission and consumer advocate
3 within ninety days from the end of each calendar or fiscal year,
4 as applicable, unless this timeframe is extended by the
5 commission. The owner, officer, general partner, or authorized
6 agent of the utility shall certify that the reports were
7 prepared in accordance with the standard chart of accounts.

8 (g) By December 31, 2007, or in the utility's next general
9 rate case, whichever comes first, the public utilities
10 commission shall examine the functioning of the utility's fuel
11 adjustment clause to determine whether the clause operates in a
12 manner that is fair to ratepayers and whether the clause should
13 be modified to encourage greater use of renewable energy by the
14 utility."

15 SECTION 3. Section 269-27.2, Hawaii Revised Statutes, is
16 amended by amending subsection (c) to read as follows:

17 "(c) The rate payable by the public utility to the
18 producer for the nonfossil fuel generated electricity supplied
19 to the public utility shall be as agreed between the public
20 utility and the supplier and as approved by the public utilities
21 commission; provided that in the event the public utility and
22 the supplier fail to reach an agreement for a rate, the rate



1 shall be as prescribed by the public utilities commission
2 according to the powers and procedures provided in this chapter.

3 In the exercise of its authority to determine the just and
4 reasonable rate for the nonfossil fuel generated electricity
5 supplied to the public utility by the producer, the public
6 utilities commission shall establish that the rate for purchase
7 of electricity by a public utility shall not be more than one
8 hundred per cent of the cost avoided by the utility when the
9 utility purchases the electrical energy rather than producing
10 the electrical energy.

11 The commission's determination of the just and reasonable
12 rate shall be accomplished by establishing a methodology that
13 removes or significantly reduces any linkage between the price
14 of fossil fuels and the rate for the nonfossil fuel generated
15 electricity to potentially enable utility customers to share in
16 the benefits of fuel cost savings resulting from the use of
17 nonfossil fuel generated electricity. As the commission deems
18 appropriate, the just and reasonable rate for nonfossil fuel
19 generated electricity supplied to the public utility by the
20 producer may include mechanisms for reasonable and appropriate
21 incremental adjustments, such as adjustments linked to consumer



1 price indices for inflation or other acceptable adjustment
2 mechanisms."

3 SECTION 4. Section 269-91, Hawaii Revised Statutes, is
4 amended as follows:

5 1. By adding a new definition to be appropriately inserted
6 and to read:

7 "Renewable electrical energy":

8 (1) Means:

9 (A) Electrical energy generated using renewable
10 energy as the source;

11 (B) Electrical energy savings brought about by the
12 use of renewable displacement (or off-set)
13 technologies, including solar water heating,
14 seawater air-conditioning district cooling
15 systems, solar air-conditioning, and customer-
16 sited, grid-connected renewable energy systems;
17 and

18 (C) Electrical energy savings brought about by the
19 use of energy efficiency technologies, including
20 heat pump water heating, ice storage, ratepayer
21 funded energy efficiency programs, and use of
22 rejected heat from co-generation and combined



1 heat and power systems, excluding fossil-fueled
2 qualifying facilities that sell electricity to
3 electric utility companies and central station
4 power projects;

5 (2) Provided that:

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

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

17 2. By amending the definition of "cost effective" to read:

18 "Cost-effective" means the ability to produce or purchase
19 electric energy or firm capacity[~~, or both,~~] from renewable
20 energy resources at or below avoided costs[~~-~~] consistent with
21 the methodology set by the public utilities commission in
22 accordance with section 269-27.2."



1 3. By amending the definition of "renewable energy" to
2 read:

3 "Renewable energy" means [~~electrical energy produced by~~
4 ~~wind, solar energy, hydropower, landfill gas, waste to energy,~~
5 ~~geothermal resources, ocean thermal energy conversion, wave~~
6 ~~energy, biomass, including municipal solid waste, biofuels, or~~
7 ~~fuels derived from organic sources, hydrogen fuels derived from~~
8 ~~renewable energy, or fuel cells where the fuel is derived from~~
9 ~~renewable sources. Where biofuels, hydrogen, or fuel cell fuels~~
10 ~~are produced by a combination of renewable and nonrenewable~~
11 ~~means, the proportion attributable to the renewable means shall~~
12 ~~be credited as renewable energy. Where fossil and renewable~~
13 ~~fuels are co-fired in the same generating unit, the unit shall~~
14 ~~be considered to produce renewable electricity in direct~~
15 ~~proportion to the percentage of the total heat value represented~~
16 ~~by the heat value of the renewable fuels. "Renewable energy"~~
17 ~~also means electrical energy savings brought about by the use of~~
18 ~~solar and heat pump water heating, seawater air conditioning~~
19 ~~district cooling systems, solar air conditioning and ice~~
20 ~~storage, quantifiable energy conservation measures, use of~~
21 ~~rejected heat from co-generation and combined heat and power~~
22 ~~systems excluding fossil-fueled qualifying facilities that sell~~



1 ~~electricity to electric utility companies, and central station~~
2 ~~power projects]~~ energy generated or produced utilizing the
3 following sources:

4 (1) Wind, the sun, falling water, biogas, including
5 landfill and sewage-based digester gas, geothermal,
6 ocean water, currents and waves, and biomass,
7 including biomass crops, agricultural and animal
8 residues and wastes, and municipal solid waste;

9 (2) Biofuels, which are liquid or gaseous fuels, or both,
10 produced from organic sources such as biomass crops,
11 agricultural residues and oil crops, such as palm oil,
12 canola oil, soybean oil, waste cooking oil, grease,
13 and food wastes, animal residues and wastes, and
14 sewage and landfill wastes; and

15 (3) Hydrogen produced from renewable energy sources."

16 4. By amending the definition of "renewable portfolio
17 standard" to read:

18 "Renewable portfolio standard" means the percentage of
19 electrical energy sales that is represented by renewable
20 electrical energy."

21 SECTION 5. Section 269-92, Hawaii Revised Statutes, is
22 amended to read as follows:



1 "**§269-92 Renewable portfolio standards.** (a) Each
2 electric utility company that sells electricity for consumption
3 in the State shall establish a renewable portfolio standard of:
4 ~~[(1) Seven per cent of its net electricity sales by~~
5 ~~December 31, 2003;~~
6 ~~(2) Eight per cent of its net electricity sales by~~
7 ~~December 31, 2005;~~
8 ~~(3)]~~ (1) Ten per cent of its net electricity sales by
9 December 31, 2010;
10 ~~[(4)]~~ (2) Fifteen per cent of its net electricity sales by
11 December 31, 2015; and
12 ~~[(5)]~~ (3) Twenty per cent of its net electricity sales by
13 December 31, 2020.
14 ~~[The public utilities commission shall determine if an electric~~
15 ~~utility company is unable to meet the renewable portfolio~~
16 ~~standards in a cost-effective manner, or as a result of~~
17 ~~circumstances beyond its control which could not have been~~
18 ~~reasonably anticipated or ameliorated. If this determination is~~
19 ~~made, the electric utility company shall be relieved of~~
20 ~~responsibility for meeting the renewable portfolio standard for~~
21 ~~the period of time that it is unable to meet the standard.]~~



1 (b) The public utilities commission may establish
2 standards for each utility that prescribe what portion of the
3 renewable energy standards shall be met by specific types of
4 resources; provided that at least fifty per cent of the
5 renewable portfolio standards shall be met by electrical energy
6 produced by wind, solar energy, hydropower, landfill gas, waste
7 to energy, geothermal resources, ocean thermal conversion, wave
8 energy, biomass, including municipal solid waste, biofuels, or
9 fuels derived from renewable energy, or fuel cells where the
10 fuel is derived from renewable sources.

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

20 (d) Events or circumstances that are outside of an
21 electric utility company's reasonable control may include, to
22 the extent it could not be reasonably foreseen and ameliorated:



1 weather-related damage; natural disasters; mechanical or
2 resource failure; failure of renewable electrical energy
3 producers to meet contractual obligations to the electric
4 utility company; labor strikes or lockouts; actions of
5 governmental authorities that adversely affect the generation,
6 transmission, or distribution of renewable electrical energy
7 under contract to an electric utility company; inability to
8 acquire sufficient renewable electrical energy due to lapsing of
9 tax credits related to renewable energy development; inability
10 to obtain permits or land use approvals for renewable electrical
11 energy projects; inability to acquire sufficient cost-effective
12 renewable electrical energy; substantial limitations,
13 restrictions, or prohibitions on utility renewable electrical
14 energy projects; and other events and circumstances of a similar
15 nature."

16 SECTION 6. Section 269-95, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "[~~§~~269-95~~]~~ **Renewable portfolio standards study.** The
19 public utilities commission shall:

20 (1) By December 31, [~~2006,~~ 2007, develop and implement a
21 utility ratemaking structure, which may include [~~but~~
22 ~~is not limited to~~] performance-based ratemaking, to



1 provide incentives that encourage Hawaii's electric
2 utility companies to use cost-effective renewable
3 energy resources found in Hawaii to meet the renewable
4 portfolio standards established in section 269-92,
5 while allowing for deviation from the standards in the
6 event that the standards cannot be met in a cost-
7 effective manner[7] or as a result of circumstances
8 beyond the control of the utility [~~which~~] that could
9 not have been reasonably anticipated or ameliorated;

10 (2) Gather, review, and analyze empirical data to
11 determine the extent to which any proposed utility
12 ratemaking structure would impact electric utility
13 companies' profit margins[7] and to ensure that [~~these~~
14 ~~profit margins do not decrease as a result of the~~
15 ~~implementation of the proposed ratemaking structure;~~]
16 the electric utility companies' opportunity to earn a
17 fair rate of return is not diminished;

18 (3) Using funds from the public utilities special fund,
19 contract with the Hawaii natural energy institute of
20 the University of Hawaii to conduct independent
21 studies to be reviewed by a panel of experts from
22 entities such as the United States Department of



1 Energy, National Renewable Energy Laboratory, Electric
2 Power Research Institute, Hawaii electric utility
3 companies, environmental groups, and other similar
4 institutions with the required expertise. These
5 studies shall include findings and recommendations
6 regarding:

7 (A) The capability of Hawaii's electric utility
8 companies to achieve renewable portfolio
9 standards in a cost-effective manner[7] and shall
10 assess factors such as the impact on consumer
11 rates, utility system reliability and stability,
12 costs and availability of appropriate renewable
13 energy resources and technologies, permitting
14 approvals, impacts on the economy, balance of
15 trade, culture, community, environment, land and
16 water, climate change policies, demographics, and
17 other factors deemed appropriate by the public
18 utilities commission; and

19 (B) Projected renewable portfolio standards to be set
20 five and ten years beyond the then current
21 standards;



- 1 (4) Revise the standards based on the best information
2 available at the time if the results of the studies
3 conflict with the renewable portfolio standards
4 established by section 269-92; and
- 5 (5) Report its findings and revisions to the renewable
6 portfolio standards based on its own studies and those
7 contracted under paragraph (3), to the legislature no
8 later than twenty days before the convening of the
9 regular session of 2009, and every five years
10 thereafter."

11 SECTION 7. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 8. This Act shall take effect upon its approval.



Report Title:

Public Utilities Commission; Energy

Description:

Establishes a statewide energy efficiency utility and energy efficiency portfolio standards. (HD1)

