
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 order.
19 These requirements may include experience and expertise in:
20 (1) Energy efficient and renewable energy technologies and
21 methods; and



- 1 (2) Identifying, developing, administering, and
2 implementing demand-side management and energy
3 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) Use the energy efficiency expertise and capabilities
16 that have developed or may develop in the state and
17 consult with State agency experts;
- 18 (4) Promote program initiatives, incentives, and market
19 strategies that address the needs of persons facing
20 the most significant barriers to participation;
- 21 (5) Promote coordinated program delivery, including
22 coordination with electric public utilities regarding



1 the delivery of low-income home energy assistance,
2 other demand-side management or energy efficiency
3 programs, and any utility programs;

4 (6) Consider innovative approaches to delivering demand-
5 side management and energy efficiency services,
6 including strategies to encourage third party
7 financing and customer contributions to the cost of
8 demand-side management and energy efficiency services;
9 and

10 (7) Submit to the public utilities commission for review
11 and approval a multi-year budget and planning cycle
12 that promotes program improvement, program stability,
13 and maturation of programs and delivery resources.

14 **§269-D Transitioning from utility demand-side management**
15 **programs to the public benefits fund.** If the public utilities
16 commission establishes a public benefits fund pursuant to
17 section 269-A, the public utilities commission shall:

18 (1) Develop a transition plan that ensures that:

19 (A) Utility demand-side management programs are
20 continued, to the extent practicable, until the
21 transition date; and



- 1 (B) The fund administrator will be able to provide
2 demand-side management and energy efficiency
3 services on the 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 the fund administrator appointed by the
5 public utilities commission under section 269-B
6 deliver programs in an effective, efficient, timely,
7 and 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 the fund
15 administrator appointed by the public utilities
16 commission to deliver energy efficiency and demand-
17 side management 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~~]:

10 (1) Suspend the operation of all or any part of the
11 proposed rate, fare, charge, classification, schedule,
12 rule, or practice or any proposed abandonment or
13 modification thereof or departure therefrom [~~after~~];

14 (2) After a hearing, may by order regulate, fix, and
15 change all such rates, fares, charges,
16 classifications, schedules, rules, and practices, so
17 that the same shall be just and reasonable and
18 prohibit rebates and unreasonable discrimination
19 between localities, or between users or consumers,
20 under substantially similar conditions, regulate the
21 manner in which the property of every public utility
22 is operated with reference to the safety and



1 accommodation of the public, prescribe its form and
2 method of keeping accounts, books, and records, and
3 its accounting system, regulate the return upon its
4 public utility property, the incurring of indebtedness
5 relating to its public utility business[~~7~~] and its
6 financial transactions; and [~~do~~]

7 (3) Do all things in addition [~~which~~] that are necessary
8 and in the exercise of [~~such~~] its power and
9 jurisdiction, all of which as so ordered, regulated,
10 fixed, and changed [~~shall be~~] are just and
11 reasonable[~~7~~] and [~~such as shall~~] provide a fair
12 return on the property of the utility actually used or
13 useful for public utility purposes.

14 (c) The commission may in its discretion and after public
15 hearing, upon showing by a public utility of probable
16 entitlement and financial need, authorize temporary increases in
17 rates, fares, and charges; provided that the commission shall
18 require by order [~~require~~] the public utility to return, in the
19 form of an adjustment to rates, fares, or charges to be billed
20 in the future, any amounts[~~7~~] with interest, at a rate equal to
21 the rate of return on [~~such~~] the public utility's rate base
22 found to be reasonable by the commission, received by reason of



1 continued operation [~~which~~] that are in excess of the rates,
2 fares, or charges finally determined to be just and reasonable
3 by the commission. Interest on any [~~such~~] excess shall commence
4 as of the date that any rate, fare, or charge goes into effect
5 [~~which~~] that results in [~~any such~~] the excess and shall continue
6 to accrue on the balance of [~~any such~~] the excess until
7 returned.

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

18 Notwithstanding subsection (c), if the commission has not
19 issued its final decision on a public utility's rate application
20 within the nine-month period stated in this section, the
21 commission [~~shall~~], within one month after the expiration of the
22 nine-month period, shall render an interim decision allowing the



1 increase in rates, fares and charges, if any, to which the
2 commission, based on the evidentiary record before it, believes
3 the public utility is probably entitled. The commission may
4 postpone its interim rate decision for thirty days if the
5 commission considers the evidentiary hearings incomplete. In
6 the event interim rates are made effective, the commission shall
7 require by order [~~require~~] the public utility to return, in the
8 form of an adjustment to rates, fares, or charges to be billed
9 in the future, any amounts[7] with interest, at a rate equal to
10 the rate of return on [~~such~~] the public utility's rate base
11 found to be reasonable by the commission, received under [~~such~~]
12 the interim rates [~~which~~] that are in excess of the rates,
13 fares, or charges finally determined to be just and reasonable
14 by the commission. Interest on any [~~such~~] excess shall commence
15 as of the date that any rate, fare, or charge goes into effect
16 [~~which~~] that results in [~~any such~~] the excess and shall continue
17 to accrue on the balance of [~~any such~~] the excess until
18 returned.

19 The nine-month period in this subsection shall begin only
20 after a completed application has been filed with the commission
21 and a copy served on the consumer advocate. The commission
22 shall establish standards concerning the data required to be set



1 completed application. The consumer advocate may, within
2 twenty-one days after receipt, object to the sufficiency of any
3 application, and the commission shall hear and determine any
4 [~~such~~] objection within twenty-one days after [~~the same~~] it is
5 filed. If the commission finds that the objections are without
6 merit, the application shall be deemed to have been completed
7 upon original filing. If the commission finds the application
8 to be incomplete, it shall require the applicant to submit an
9 amended application consistent with its findings, and the nine-
10 month period shall not commence until the amended application is
11 filed.

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



1 (f) Notwithstanding any law to the contrary, for public
2 utilities having annual gross revenues of less than \$2,000,000,
3 the commission may make and amend its rules and procedures
4 [~~which will~~] to provide the commission with sufficient facts
5 necessary to determine the reasonableness of the proposed rates
6 without unduly burdening the utility company and its customers.
7 In the determination of the reasonableness of the proposed
8 rates, the commission shall:

- 9 (1) Require the filing of a standard form application to
10 be developed by the commission. The standard form
11 application for general rate increases shall describe
12 the specific facts that [~~must~~] shall be submitted to
13 support a determination of the reasonableness of the
14 proposed rates, and require the submission of
15 financial information in conformance with a standard
16 chart of accounts to be approved by the commission,
17 and other commission guidelines to allow expeditious
18 review of a requested general rate increase
19 application;
- 20 (2) Hold a public hearing as prescribed in section
21 269-12(c) at which the consumers or patrons of the
22 public utility may present testimony to the commission



1 concerning the increase. The public hearing shall be
2 preceded by proper notice, as prescribed in section
3 269-12; and

- 4 (3) Make every effort to complete its deliberations and
5 issue a proposed decision and order within six months
6 from the date the public utility files a completed
7 application with the commission[7]; provided that all
8 parties to the proceeding strictly comply with the
9 procedural schedule established by the commission and
10 no person is permitted to intervene. If a proposed
11 decision and order is rendered after the six-month
12 period, the commission shall report in writing the
13 reasons therefor to the legislature within thirty days
14 after rendering the proposed decision and order.

15 Prior to the issuance of the commission's proposed
16 decision and order, the parties shall not be entitled
17 to a contested case hearing.

18 If all parties to the proceeding accept the
19 proposed decision and order, the parties shall not be
20 entitled to a contested case hearing, and section
21 269-15.5 shall not apply. If the commission permits a
22 person to intervene, the six-month period shall not



1 apply and the commission shall make every effort to
2 complete its deliberations and issue its decision
3 within the nine-month period from the date the public
4 utility's completed application was filed, pursuant to
5 subsections (b), (c), and (d).

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



1 hearing; provided that the parties to the proceeding
2 may waive the contested case hearing.

3 Public utilities subject to this subsection shall follow
4 the standard chart of accounts to be approved by the commission
5 for financial reporting purposes. The public utilities shall
6 file a certified copy of the annual financial statements in
7 addition to an updated chart of accounts used to maintain their
8 financial records with the commission and consumer advocate
9 within ninety days from the end of each calendar or fiscal year,
10 as applicable, unless this timeframe is extended by the
11 commission. The owner, officer, general partner, or authorized
12 agent of the utility shall certify that the reports were
13 prepared in accordance with the standard chart of accounts.

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

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



1 "(c) The rate payable by the public utility to the
2 producer for the nonfossil fuel generated electricity supplied
3 to the public utility shall be as agreed between the public
4 utility and the supplier and as approved by the public utilities
5 commission; provided that in the event the public utility and
6 the supplier fail to reach an agreement for a rate, the rate
7 shall be as prescribed by the public utilities commission
8 according to the powers and procedures provided in this chapter.

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

16 The commission's determination of the just and reasonable
17 rate shall be accomplished by establishing a methodology that
18 removes or significantly reduces any linkage between the price
19 of fossil fuels and the rate for the nonfossil fuel generated
20 electricity to potentially enable utility customers to share in
21 the benefits of fuel cost savings resulting from the use of
22 nonfossil fuel generated electricity. As the commission deems



1 appropriate, the just and reasonable rate for nonfossil fuel
2 generated electricity supplied to the public utility by the
3 producer may include mechanisms for reasonable and appropriate
4 incremental adjustments, such as adjustments linked to consumer
5 price indices for inflation or other acceptable adjustment
6 mechanisms."

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

9 1. By adding a new definition to be appropriately inserted
10 and to read:

11 "Renewable electrical energy":

12 (1) Means:

13 (A) Electrical energy generated using renewable
14 energy as the source;

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

21 and



1 (C) Electrical energy savings brought about by the
2 use of energy efficiency technologies, including
3 heat pump water heating, ice storage, ratepayer-
4 funded energy efficiency programs, and use of
5 rejected heat from co-generation and combined
6 heat and power systems, excluding fossil-fueled
7 qualifying facilities that sell electricity to
8 electric utility companies and central station
9 power projects;

10 (2) Provided that:

11 (A) Where electrical energy is generated or displaced
12 by a combination of renewable and nonrenewable
13 means, the proportion attributable to the
14 renewable means shall be credited as renewable
15 energy; and

16 (B) Where fossil and renewable fuels are co-fired in
17 the same generating unit, the unit shall be
18 considered to generate renewable electrical
19 energy (electricity) in direct proportion to the
20 percentage of the total heat value represented by
21 the heat value of the renewable fuels."



1 2. By amending the definitions of "cost-effective",
2 "renewable energy", and "renewable portfolio standard" to read:

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

8 "Renewable energy" means ~~[electrical energy produced by~~
9 ~~wind, solar energy, hydropower, landfill gas, waste to energy,~~
10 ~~geothermal resources, ocean thermal energy conversion, wave~~
11 ~~energy, biomass, including municipal solid waste, biofuels, or~~
12 ~~fuels derived from organic sources, hydrogen fuels derived from~~
13 ~~renewable energy, or fuel cells where the fuel is derived from~~
14 ~~renewable sources. Where biofuels, hydrogen, or fuel cell fuels~~
15 ~~are produced by a combination of renewable and nonrenewable~~
16 ~~means, the proportion attributable to the renewable means shall~~
17 ~~be credited as renewable energy. Where fossil and renewable~~
18 ~~fuels are co-fired in the same generating unit, the unit shall~~
19 ~~be considered to produce renewable electricity in direct~~
20 ~~proportion to the percentage of the total heat value represented~~
21 ~~by the heat value of the renewable fuels. "Renewable energy"~~
22 ~~also means electrical energy savings brought about by the use of~~



1 ~~solar and heat pump water heating, seawater air conditioning~~
2 ~~district cooling systems, solar air conditioning and ice~~
3 ~~storage, quantifiable energy conservation measures, use of~~
4 ~~rejected heat from co-generation and combined heat and power~~
5 ~~systems excluding fossil-fueled qualifying facilities that sell~~
6 ~~electricity to electric utility companies, and central station~~
7 ~~power projects]~~ energy generated or produced using the following
8 sources:

- 9 (1) Wind, the sun, falling water, biogas, including
10 landfill and sewage-based digester gas, geothermal,
11 ocean water, currents and waves, and biomass,
12 including biomass crops, agricultural and animal
13 residues and wastes, and municipal solid waste;
14 (2) Biofuels, which are liquid or gaseous fuels, or both,
15 produced from organic sources such as biomass crops,
16 agricultural residues and oil crops, such as palm oil,
17 canola oil, soybean oil, waste cooking oil, grease,
18 food wastes, animal residues and wastes, and sewage
19 and landfill wastes; and
20 (3) Hydrogen produced from renewable energy sources.



1 "Renewable portfolio standard" means the percentage of
2 electrical energy sales that is represented by renewable
3 electrical energy."

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

6 "**§269-92 Renewable portfolio standards.** (a) Each
7 electric utility company that sells electricity for consumption
8 in the [~~State~~] state shall establish a renewable portfolio
9 standard of:

10 [~~(1)~~] ~~Seven per cent of its net electricity sales by~~
11 ~~December 31, 2003;~~

12 [~~(2)~~] ~~Eight per cent of its net electricity sales by~~
13 ~~December 31, 2005;~~

14 [~~(3)~~] (1) Ten per cent of its net electricity sales by
15 December 31, 2010;

16 [~~(4)~~] (2) Fifteen per cent of its net electricity sales by
17 December 31, 2015; and

18 [~~(5)~~] (3) Twenty per cent of its net electricity sales by
19 December 31, 2020.

20 [~~The public utilities commission shall determine if an~~
21 ~~electric utility company is unable to meet the renewable~~
22 ~~portfolio standards in a cost-effective manner, or as a result~~



1 ~~of circumstances beyond its control which could not have been~~
2 ~~reasonably anticipated or ameliorated. If this determination is~~
3 ~~made, the electric utility company shall be relieved of~~
4 ~~responsibility for meeting the renewable portfolio standard for~~
5 ~~the period of time that it is unable to meet the standard.]~~

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

16 (c) If the public utilities commission determines that an
17 electric utility company failed to meet the renewable portfolio
18 standard, the utility shall be subject to penalties to be
19 established by the public utilities commission; provided that if
20 the commission determines that the electric utility company is
21 unable to meet the renewable portfolio standards due to reasons
22 beyond the reasonable control of the electric utility, as set



1 forth in subsection (d), the commission, in its discretion, may
2 waive in whole or in part any otherwise applicable penalties.

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

6 (1) Weather-related damage;

7 (2) Natural disasters;

8 (3) Mechanical or resource failure;

9 (4) Failure of renewable electrical energy producers to
10 meet contractual obligations to the electric utility
11 company;

12 (5) Labor strikes or lockouts;

13 (6) Actions of governmental authorities that adversely
14 affect the generation, transmission, or distribution
15 of renewable electrical energy under contract to an
16 electric utility company;

17 (7) Inability to acquire sufficient renewable electrical
18 energy due to lapsing of tax credits related to
19 renewable energy development;

20 (8) Inability to obtain permits or land use approvals for
21 renewable electrical energy projects;



- 1 (9) Inability to acquire sufficient cost-effective
- 2 renewable electrical energy;
- 3 (10) Substantial limitations, restrictions, or prohibitions
- 4 on utility renewable electrical energy projects; and
- 5 (11) Other events and circumstances of a similar nature."

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

8 "[~~+~~]**\$269-95**[~~+~~] **Renewable portfolio standards study.** The
 9 public utilities commission shall:

- 10 (1) By December 31, [~~2006~~]2007, develop and implement a
- 11 utility ratemaking structure, which may include [~~but~~
- 12 ~~is not limited to~~] performance-based ratemaking, to
- 13 provide incentives that encourage Hawaii's electric
- 14 utility companies to use cost-effective renewable
- 15 energy resources found in Hawaii to meet the renewable
- 16 portfolio standards established in section 269-92,
- 17 while allowing for deviation from the standards in the
- 18 event that the standards cannot be met in a cost-
- 19 effective manner[~~+~~] or as a result of circumstances
- 20 beyond the control of the utility [~~which~~] that could
- 21 not have been reasonably anticipated or ameliorated[~~+~~]
- 22 pursuant to section 269-92(d);

1 (2) Gather, review, and analyze empirical data to
2 determine the extent to which any proposed utility
3 ratemaking structure would impact electric utility
4 companies' profit margins[7] and to ensure that [these
5 ~~profit margins do not decrease as a result of the~~
6 ~~implementation of the proposed ratemaking structure;~~
7 the electric utility companies' opportunity to earn a
8 fair rate of return is not diminished;

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

20 (A) The capability of Hawaii's electric utility
21 companies to achieve renewable portfolio
22 standards in a cost-effective manner[7] and shall



1 assess factors such as the impact on consumer
2 rates, utility system reliability and stability,
3 costs and availability of appropriate renewable
4 energy resources and technologies, permitting
5 approvals, [~~impacts~~] effects on the economy,
6 balance of trade, culture, community,
7 environment, land and water, climate change
8 policies, demographics, and other factors deemed
9 appropriate by the commission; and
10 (B) Projected renewable portfolio standards to be set
11 five and ten years beyond the then current
12 standards;
13 (4) Revise the standards based on the best information
14 available at the time if the results of the studies
15 conflict with the renewable portfolio standards
16 established by section 269-92; and
17 (5) Report its findings and revisions to the renewable
18 portfolio standards, based on its own studies and
19 those contracted under paragraph (3), to the
20 legislature no later than twenty days before the
21 convening of the regular session of 2009, and every
22 five years thereafter."



1 SECTION 7. In codifying the new sections added by section
2 1 of this Act, the revisor of statutes shall substitute
3 appropriate section numbers for the letters used in designating
4 the new sections in this Act.

5 SECTION 8. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 9. This Act shall take effect on July 1, 2020.



SB 3185
SD 2
HD2

Report Title:

Public Utilities Commission; Energy

Description:

Establishes a statewide energy efficiency utility and energy efficiency portfolio standards. Effective date July 1, 2020.
(SB3185 HD2)

