

---

---

# A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

1           SECTION 1. Chapter 103D, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4           "§103D-    Biofuel preference. (a) Notwithstanding any  
5 other law to the contrary, contracts for the purchase of diesel  
6 fuel or boiler fuel shall be awarded to the lowest responsible  
7 and responsive bidders, with preference given to bids for  
8 biofuels or blends of biofuel and petroleum fuel.

9           (b) When purchasing fuel for use in diesel engines, the  
10 preference shall be        cents per gallon of one hundred per cent  
11 biodiesel. For blends containing both biodiesel and petroleum-  
12 based diesel, the preference shall be applied only to the  
13 biodiesel portion of the blend.

14           (c) When purchasing fuel for use in boilers, the  
15 preference shall be        cents per gallon of 100 per cent  
16 biofuel. For blends containing both biofuel and petroleum based  
17 boiler fuel, the preference shall be applied only to the biofuel  
18 portion of the blend.



1        (d) As used in this section, "biodiesel" means a vegetable  
 2 oil based fuel which meets ASTM International Standard D6751,  
 3 "Specification for Biodiesel Fuel Blend Stock (B100) for  
 4 Distillate Fuels", as amended.

5        (e) As used in this section, "biofuel" means fuel from  
 6 non-petroleum plant or animal based sources that can be used for  
 7 the generation of heat or power."

8        SECTION 2. Section 226-18, Hawaii Revised Statutes, is  
 9 amended to read as follows:

10        **"§226-18 Objectives and policies for facility systems--**

11 **energy.** (a) Planning for the State's facility systems with  
 12 regard to energy shall be directed toward the achievement of the  
 13 following objectives, giving due consideration to all:

- 14        (1) Dependable, efficient, and economical statewide energy
- 15        systems capable of supporting the needs of the people;
- 16        (2) Increased energy self-sufficiency where the ratio of
- 17        indigenous to imported energy use is increased;
- 18        (3) Greater energy security in the face of threats to
- 19        Hawaii's energy supplies and systems; and
- 20        (4) Reduction, avoidance, or sequestration of greenhouse
- 21        gas emissions from energy supply and use.

1 (b) To achieve the energy objectives, it shall be the  
2 policy of this State to ensure the provision of adequate,  
3 reasonably priced, and dependable energy services to accommodate  
4 demand.

5 (c) To further achieve the energy objectives, it shall be  
6 the policy of this State to:

7 (1) Support research and development as well as promote  
8 the use of renewable energy sources;

9 (2) Ensure that the combination of energy supplies and  
10 energy-saving systems is sufficient to support the  
11 demands of growth;

12 (3) Base decisions of least-cost supply-side and demand-  
13 side energy resource options on a comparison of their  
14 total costs and benefits when a least-cost is  
15 determined by a reasonably comprehensive,  
16 quantitative, and qualitative accounting of their  
17 long-term, direct and indirect economic,  
18 environmental, social, cultural, and public health  
19 costs and benefits;

20 (4) Promote all cost-effective conservation of power and  
21 fuel supplies through measures including:





1       (10) Provide priority handling and processing, and expedite  
2       action on all state agency permits required for  
3       renewable energy projects; and

4       (11) Support a renewable fuels standard of ten per cent of  
5       highway fuel demand to be provided by renewable fuels  
6       by 2010, fifteen per cent by 2015, and twenty per cent  
7       by 2020. "Renewable fuels" include:

8       (A) Ethanol, with each gallon of ethanol produced  
9       from cellulosic materials considered the  
10       equivalent of 2.5 gallons of noncellulosic  
11       ethanol;

12       (B) Biodiesel; and

13       (C) Hydrogen or other liquid or gaseous fuels  
14       produced either from renewable feedstocks,  
15       including organic wastes, or from water, using  
16       electricity from renewable energy sources."

17       SECTION 3. There is appropriated out of the general  
18 revenues of the State of Hawaii the sum of \$200,000, or so much  
19 thereof as may be necessary for fiscal year 2006-2007, for Rocky  
20 Mountain Institute to conduct a statewide multi-fuel biofuels  
21 production assessment of potential feedstocks, technologies, and  
22 economics of the various renewable fuels pathways and the





1 to coordinate the State's transition to a renewable hydrogen  
2 economy. The program shall plan, implement, and conduct  
3 activities including:

4 (1) Strategic partnerships with the private sector, the  
5 federal government, national and international  
6 organizations, such as national laboratories and  
7 universities, other states, and Hawaii stakeholders  
8 for research, development, testing, and deployment of  
9 renewable hydrogen technologies;

10 (2) Engineering and economic studies to define Hawaii's  
11 potential for renewable hydrogen and evaluate near-  
12 term project opportunities presented by the State's  
13 available renewable resources;

14 (3) Electric grid reliability and security projects that  
15 will enable integration of extensive renewable  
16 electricity on the island of Hawaii;

17 (4) Hydrogen demonstration projects, including  
18 infrastructure for the production, storage, and  
19 refueling of hydrogen vehicles;

20 (5) A statewide hydrogen economy public education and  
21 outreach plan, focusing on the island of Hawaii, to be



1           developed in coordination with Hawaii's public  
2           education institutions;

3           (6) The promotion of Hawaii's renewable hydrogen assets  
4           and project opportunities to potential partners and  
5           investors;

6           (7) A plan, for implementation during 2007-2010, to more  
7           fully deploy hydrogen technologies and infrastructure  
8           capable of supporting the island of Hawaii's fuel  
9           needs, including:

10           (A) Expanded installation of hydrogen production  
11           facilities;

12           (B) Development of integrated energy systems  
13           including hydrogen vehicles;

14           (C) Construction of additional hydrogen refueling  
15           stations; and

16           (D) Encouragement of building design and construction  
17           that fully incorporates clean energy assets,  
18           including reliance on hydrogen-fueled distributed  
19           generation;

20           (8) A plan, for implementation during 2010-2020, to  
21           transition the island of Hawaii to a hydrogen-fueled





1 economy by 2020, and to initiate that model throughout  
2 the State; and

3 (9) An evaluation of policy instruments and development,  
4 in coordination with program partners, of policy  
5 recommendations to encourage the adoption of hydrogen-  
6 fueled vehicles, to continually replenish the hydrogen  
7 investment capital special fund, and to support  
8 investment in hydrogen infrastructure, including  
9 production, storage, and dispensing facilities."

10 SECTION 6. Chapter 211F, Hawaii Revised Statutes, is  
11 amended by adding a new section to be appropriately designated  
12 and to read as follows:

13 "§211F- Hydrogen investment capital special fund. (a)

14 There shall be established a hydrogen investment capital special  
15 fund into which shall be deposited:

- 16 (1) Appropriations made by the legislature to the fund;  
17 (2) All contributions from public or private partners;  
18 (3) All interest earned on or accrued to moneys deposited  
19 in the special fund; and  
20 (4) Any other moneys made available to the special fund  
21 from other sources.

22 (b) Moneys in the fund shall be used:



- 1        (1) To seed private sector and federal projects for  
2        research, development, testing, and deployment of  
3        renewable hydrogen systems in Hawaii;
- 4        (2) To pay reasonable expenses incurred by fund advisory  
5        board members in the execution of their relevant  
6        duties; and
- 7        (3) For any other purpose deemed necessary to carry out  
8        the purposes of this section.
- 9        (c) Investment of the hydrogen investment capital special  
10       fund in hydrogen projects shall be made with the advice and  
11       assistance of an advisory board of experts and knowledgeable  
12       individuals who shall be appointed by the director of the  
13       department of business, economic development, and tourism to  
14       help the State develop projects and partnerships with industry  
15       and the federal government."

16       SECTION 7. (a) There is appropriated out of the general  
17       revenues of the State of Hawaii the sum of \$750,000, or so much  
18       thereof as may be necessary, for fiscal year 2006-2007 to carry  
19       out the purposes of this part, of which \$250,000 shall be  
20       allocated to three permanent full-time equivalent (3.0 FTE)  
21       professional positions namely, a hydrogen program manager,  
22       hydrogen program specialist, and hydrogen project specialist.



1 The sum appropriated shall be expended by the department of  
2 business, economic development, and tourism.

3 (b) There is appropriated out of the general revenues of  
4 the State of Hawaii the sum of \$10,000,000 for fiscal year 2006-  
5 2007 to be paid into the hydrogen investment capital special  
6 fund to carry out the purposes of section 2. The sum  
7 appropriated shall be expended by department of business,  
8 economic development, and tourism.

9 SECTION 8. There is appropriated out of the hydrogen  
10 investment capital special fund the sum of \$10,000,000, or so  
11 much thereof as may be necessary, for fiscal year 2006-2007 to  
12 be used for the purposes of the hydrogen investment capital  
13 special fund.

14 The sum appropriated shall be expended by the department of  
15 business, economic development, and tourism for the purposes of  
16 this Act.

17 SECTION 9. Statutory material to be repealed is bracketed  
18 and stricken. New statutory material is underscored.

19 SECTION 10. This Act shall take effect upon its approval;  
20 provided that sections 3, 4, 7 and 8 shall take effect on July  
21 1, 2006.

**Report Title:**

Renewable Energy

**Description:**

Establishes a biofuel preference; establishes objectives and policies for state facility systems with regard to energy; appropriates funds for a statewide multi-fuel biofuel production assessment; appropriates funds to assist the agricultural community interested in developing renewable energy projects; establishes a renewable hydrogen program and hydrogen investment capital special fund, and appropriates funds for three positions and to fund the hydrogen investment capital special fund. (SD1)

