
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
11 cent biodiesel. For blends containing both biodiesel and
12 petroleum-based diesel, the preference shall be applied only to
13 the 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 (A) Development of cost-effective demand-side
2 management programs;
- 3 (B) Education; and
- 4 (C) Adoption of energy-efficient practices and
5 technologies;
- 6 (5) Ensure to the extent that new supply-side resources
7 are needed, the development or expansion of energy
8 systems utilizes [~~the~~] a diverse assortment of least-
9 cost energy supply [~~option~~] options and resources and
10 maximizes efficient technologies;
- 11 (6) Support research, development, and demonstration of
12 energy efficiency, load management, and other demand-
13 side management programs, practices, and technologies;
- 14 (7) Promote alternate fuels and energy efficiency by
15 encouraging diversification of transportation fuels,
16 modes, and infrastructure;
- 17 (8) Support actions that reduce, avoid, or sequester
18 greenhouse gases in utility, transportation, and
19 industrial sector applications; [and]
- 20 (9) Support actions that reduce, avoid, or sequester
21 Hawaii's greenhouse gas emissions through agriculture
22 and forestry initiatives[-];



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 potential for ethanol, biodiesel, and renewable hydrogen
2 production to contribute to Hawaii's near-, mid-, and long-term
3 energy needs. The sum appropriated shall be expended by the
4 department of business, economic development, and tourism for
5 the purposes of this part.

6 SECTION 4. There is appropriated out of the general
7 revenues of the State of Hawaii the sum of \$150,000, or so much
8 thereof as may be necessary, for fiscal year 2006-2007 to
9 provide assistance to the agricultural community interested in
10 developing energy projects, especially for the production of
11 biodiesel from energy crops and cellulosic ethanol from
12 agricultural waste streams, and to seek funding that may be
13 available from the United States Departments of Agriculture and
14 Energy, and other external sources. The sum appropriated shall
15 be expended by the department of agriculture for the purposes of
16 this part.

17 SECTION 5. Chapter 196A, Hawaii Revised Statutes, is
18 amended by adding a new section to be appropriately designated
19 and to read as follows:

20 "§196A- Hawaii renewable hydrogen program. (a) There
21 is established within the department of business, economic
22 development, and tourism, a Hawaii renewable hydrogen program,



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 6. 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
21 July 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. (SD2)

