

Honolulu, Hawaii

Feb 10, 2006

RE: H.B. No. 2308

H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committees on Energy & Environmental Protection and  
Agriculture, to which was referred H.B. No. 2308 entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

beg leave to report as follows:

The purpose of this bill is to establish a framework of  
integrated measures to encourage and support market-based  
development of reliable, cost-effective, and self-sustaining  
energy systems.

Your Committees have narrowed and redirected the focus of the  
bill to include the following energy efficiency and sustainability  
measures:

- (1) Establishing a biofuel preference in Hawaii's  
procurement law for diesel and boiler fuel purchases;
- (2) Developing priority processing of state agency permits  
for renewable energy projects;
- (3) Establishing renewable fuel standards for highway fuel  
demand;
- (4) Extending to December 31, 2009, the repeal date of  
section 237-27.1, Hawaii Revised Statutes, which  
provides an exemption for the sale of alcohol fuels from  
the imposition of general excise taxes;



- (5) Establishing a public benefits fund to support demand-side management and renewable energy programs;
- (6) Requiring a re-evaluation of utility fuel adjustment clauses;
- (7) Establishing a methodology of calculating a fixed price for renewable energy power or renewable fuel for power production;
- (8) Establishing incentives and penalties relating to renewable portfolio standard requirements;
- (9) Establishing the Hawaii renewable hydrogen program and the hydrogen investment capital special fund and appropriating funds therefor;
- (10) Clarifying the role of the director of business, economic development, and tourism as Hawaii's chief business advocate and state energy resources coordinator; and
- (11) Providing funding for an inventory of state lands available for renewable energy, assistance to the agricultural community for renewable energy development, a statewide multi-fuel biofuels production assessment, and assistance to state agencies in meeting energy efficiency goals for state facilities and vehicles

Accordingly, your Committees have amended this bill by:

- (1) Deleting provisions pertaining to:
  - (A) The Fair Gasoline Price Law, chapters 486H and 486J, Hawaii Revised Statutes;
  - (B) Energy efficient and alternative fuel vehicles for state covered fleets;
  - (C) The issuing of special license plates for energy efficient and alternative fuel vehicles;
  - (D) Energy efficiency in state facilities and vehicles, including provisions related to design standards; the prevention of heat gain and cool air loss in



certain residential facilities; solar water heating system installation; waste reduction, conservation increase, and pollution prevention; the use of life cycle cost-benefit analysis in purchasing energy efficient equipment; and transportation fuel;

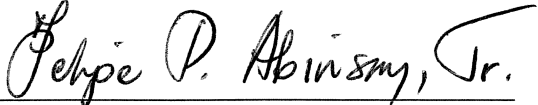
- (E) The repeal of various provisions of chapter 196, Hawaii Revised Statutes, relating to energy resources for government agencies; and
  - (F) The renewable energy tax credit sunset date and credit amounts;
- (2) Amending the definition of "biofuel" to clarify that non-petroleum sources include plant- and animal-based sources;
  - (3) Authorizing, rather than requiring, the Public Utilities Commission to establish the public benefits fund;
  - (4) Deleting from the public benefit fund language regarding the volumetric charge to customers to support demand-side management and renewable energy programs and services that meet the requirements of Section 269-92, Hawaii Revised Statutes;
  - (5) Deleting the proposed funding source section for the public benefits fund;
  - (6) Requiring the proposed comprehensive inventory of state lands available for renewable energy to include an inventory of offshore areas available for renewable energy;
  - (7) Adding renewable energy from other organic types of waste streams, such as municipal solid waste, to the types of renewable energy projects that may be developed by the agricultural community;
  - (8) Amending the definition of "renewable energy" for purposes of the renewable portfolio standards law;
  - (9) Amending the purpose clause of the bill to conform with the foregoing amendments; and




- (10) Making technical, nonsubstantive amendments for purposes of clarity, style, and consistency.

As affirmed by the records of votes of the members of your Committees on Energy & Environmental Protection and Agriculture that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2308, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2308, H.D. 1, and be referred to the Committees on Consumer Protection & Commerce and Higher Education.

Respectfully submitted on  
behalf of the members of the  
Committees on Energy &  
Environmental Protection and  
Agriculture,

  
FELIPE P. ABINSAY, JR., Chair

  
HERMINA MORITA, Chair





