

STAND. COM. REP. NO. 1239-06

Honolulu, Hawaii

March 24, 2006

RE: S.B. No. 3162
S.D. 2
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
Consumer Protection & Commerce, to which was referred S.B. No.
3162, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY,"

beg leave to report as follows:

The purpose of this bill is to protect and preserve Hawaii's
environment by investigating methods to reduce greenhouse
emissions.

Specifically, this bill requires the Public Utilities
Commission to establish a renewable energy credits trading program
to ensure compliance with the State's renewable portfolio
standards. This bill further requires the Department of Business,
Economic Development, and Tourism to review the feasibility of the
State's becoming a member of the Chicago climate exchange.
Finally, this bill creates a renewable energy credits trading
program advisory committee to assist both the Public Utilities
Commission and the Department of Business, Economic Development,
and Tourism in their tasks and to submit periodic reports and
recommendations to the Legislature.

Your Committees received testimony from The Rocky Mountain
Institute, Hawaii Renewable Energy Alliance, Hawaii Solar Energy
Association, PowerLight Solar Electric Systems, and Honolulu
Seawater Air Conditioning LLC. The Hawaiian Electric Company,

SB3162 HD1 HSCR LRB 06-3069-1.doc



Hawaii Electric Light Company, Maui Electric Company, and the Sierra Club supported the intent of this bill. The Department of Business, Economic Development, and Tourism, the Public Utilities Commission, and Covanta Energy Group offered comments.

Upon further consideration, your Committees have amended this bill by:

- (1) Designating the contents of the bill as part I;
- (2) Deleting the requirement for the Public Utilities Commission to establish a renewable energy credits trading program;
- (3) Deleting the requirement for the Department of Business, Economic Development, and Tourism to review the feasibility of the State's becoming a member of the Chicago climate exchange;
- (4) Requiring the Hawaii Energy Policy Forum to determine the feasibility of the State's becoming a member of the Chicago climate exchange;
- (5) Requiring the Hawaii Energy Policy Forum to establish an advisory committee to:
 - (A) Investigate and determine whether it is feasible and advisable for Hawaii to become a member of the Chicago climate exchange;
 - (B) Investigate whether there are alternative trading mechanisms that may also be advantageous to consider;
 - (C) Establish whether membership in these climate trading exchanges can result in value to Hawaii, particularly regarding the acceleration of Hawaii's transition to a renewable energy-based economy;
 - (D) Evaluate whether there are any risks and tradeoffs;
 - (E) Evaluate whether any value to be gained from membership or participation in a climate exchange will facilitate the achievement of Hawaii's renewable portfolio standards law;




- (F) Investigate whether other states or local governments are members of these climate exchanges and how their experience could be valuable to Hawaii;
 - (G) Investigate and opine on national and international trends toward greenhouse gas limits, carbon emission caps, and how trading mechanisms might affect Hawaii in the future; and
 - (H) Provide interim reports of findings to the Legislature, the Public Utilities Commission, the Consumer Advocate, the Department of Business, Economic Development, and Tourism, the Department of Health, and interested stakeholders;
- (6) Setting the membership of the advisory committee;
 - (7) Requiring the advisory committee to report to the Legislature twenty days prior to the convening of the Regular Session of 2007;
 - (8) Appropriating an unspecified amount to the Hawaii Energy Policy Forum to carry out the purposes of part I;
 - (9) Inserting the contents of House Bill No. 2848, H.D. 1 2006, as part II of the bill to appropriate \$200,000 to the Hawaii Energy Policy Forum to:
 - (A) Develop a detailed action plan and timeline to implement the recommendations of the Hawaii Energy Policy Forum's "Ten Point Plan" to meet Hawaii's energy goals;
 - (B) Develop tangible goals, objectives, desired outcomes, and actions to implement the energy vision and strategy of the Hawaii Energy Policy Forum;
 - (C) Develop benchmarks for measuring outcomes of energy implementation strategies;
 - (D) Further engage Hawaii's business, government, labor, and community leaders, and integrate them into the policy activities and discussions of the Hawaii Energy Policy Forum;



- (E) Develop greater community and public awareness about Hawaii's energy needs and the goals and activities of the Hawaii Energy Policy Forum; and
- (F) Seek additional funding for statewide implementation of and public education regarding the recommendations and goals of the Hawaii Energy Policy Forum.

As affirmed by the records of votes of the members of your Committees on Energy & Environmental Protection and Consumer Protection & Commerce that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 3162, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3162, S.D. 2, H.D. 1, and be referred to the Committee on Finance.

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



ROBERT N. HERKES, Chair



HERMINA MORITA, Chair



