

STAND. COM. REP. NO.

**2462**

Honolulu, Hawaii

**FEB 17**

, 2006

RE: S.B. No. 3162  
S.D. 1

Honorable Robert Bunda  
President of the Senate  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committees on Energy, Environment, and International Affairs and Commerce, Consumer Protection, and Housing, to which was referred S.B. No. 3162 entitled:

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

beg leave to report as follows:

The purpose of this measure is to enhance the State's renewable energy and conservation measures by:

- (1) Requiring the Public Utilities Commission to establish a renewable energy credits trading program;
- (2) Requiring the Department of Business, Economic Development, and Tourism to determine the feasibility of Hawaii becoming a member of the Chicago climate exchange; and
- (3) Creating a renewable energy credits trading program advisory committee.

Your Committees received testimony in support of this measure from Honolulu Seawater Air Conditioning LLC, Power Light Solar Electric Systems, Hawaii Solar Energy Association, Conservation Council for Hawaii, and Hawaii Renewable Energy Alliance. Comments were received from the Department of Business, Economic Development, and Tourism, Public Utilities Commission, and the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs.

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The Chicago Climate Exchange is the first major attempt in the United States to establish a market for reducing greenhouse gas emissions. Also known as "carbon trading," the climate exchange offers energy companies, manufacturers, and governments that reduce their emissions of carbon dioxide and other greenhouse gases the opportunity to make money while protecting the environment. Funded by grants from the Chicago-based Joyce Foundation and administered by Northwestern University's Kellogg Graduate School of Management, the goal of the exchange is to implement a voluntary pilot program for trading greenhouse gases in North America, to be later expanded to include international sources.

A number of companies have already participated in bilateral trades of greenhouse-gas emissions. Carbon-trading transactions have already surpassed \$100,000,000, according to the exchange. Economists believe that annual trading volume could eventually run into the tens of billions of dollars.

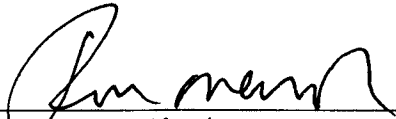
Your Committees find that there is a need to establish a renewable energy credits trading program in Hawaii, both to enable the State to participate in the Chicago climate exchange and to ensure compliance with the State's renewable portfolio standards, which require a certain proportion of electricity sold by each supplier in Hawaii to come from renewable sources.

Your Committees have amended this measure by making technical, nonsubstantive amendments for clarity and style.

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



Respectfully submitted on  
behalf of the members of the  
Committees on Energy,  
Environment, and International  
Affairs and Commerce, Consumer  
Protection, and Housing,



RON MENOR, Chair



J. KALANI ENGLISH, Chair





