

STAND. COM. REP. NO. 961

Honolulu, Hawaii

March 6, 2009

RE: H.B. No. 1464
H.D. 3

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Sir:

Your Committee on Finance, to which was referred H.B. No. 1464, H.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this bill is to promote alternative energy systems by:

- (1) Clarifying the application of the law requiring solar water heating systems for new single-family residential construction and the procedures for obtaining variances;
- (2) Requiring the Energy Resources Coordinator (Coordinator) to publicize all variance applications and their dispositions within a certain time frame;
- (3) Amending provisions for claiming tax credits for renewable energy technologies used in single-family residences; and
- (4) Authorizing the Public Utilities Commission (PUC) to contract with the Public Benefits Fee Administrator to develop solar water heater system standards.

The Gas Company supported this bill. The Department of Taxation, Department of Business, Economic Development, and Tourism, PUC, Tax Foundation of Hawaii, Hawaiian Electric Company,

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Hawaii Electric Light Company, Maui Electric Company, and Blue Planet Foundation submitted comments.

Your Committee has amended this measure by:

- (1) Inserting the substance of House Bill No. 429, H.D. 2, Regular Session of 2009, which requires the PUC to establish energy efficiency portfolio standards that set goals and deadlines for achieving electricity reduction;
- (2) Except for its appropriation, inserting the substance of House Bill No. 1843, H.D. 2, Regular Session of 2009, which, among other things:
 - (A) Increases the amount of an electric utility company's required renewable portfolio standard from 20 to 25 percent of the electric company's net electricity sales by December 31, 2020;
 - (B) Requires the amount of an electric utility company's renewable portfolio standard to be 40 percent of the electric company's net electricity sales by December 31, 2030;
 - (C) Prohibits all state and county agencies from issuing a permit for the construction or operation of a new electric generation facility that produces electricity solely from the combustion of a fossil fuel, with certain exemptions;
 - (D) Prohibits the issuance of certificates of public convenience and necessity for the construction or operation of a new electric generation facility that produces electricity solely from the combustion of a fossil fuel, with certain exemptions;
 - (E) Requires the PUC to evaluate renewable portfolio standards every five years, beginning in 2013;
 - (F) Requires the Coordinator to carry out certain additional duties to encourage renewable energy resource development in the state;
 - (G) Amends the definition of a "qualified business" under the State's Enterprise Zones Law to include



certain businesses engaged in the development or production of fuels, thermal energy, or electrical energy from renewable resources;

- (H) Requires the Renewable Energy Facilitator to facilitate land, construction, infrastructure, and transmission permits for renewable energy projects;
- (I) Amends the Renewable Energy Facility Siting Process Law by:
 - (i) Expanding the definition of "renewable energy facility" to include facilities that can produce from renewable energy between five megawatts and 200 megawatts of electricity or a biofuel production facility with a production capacity of one million gallons annually; and
 - (ii) Requiring a permitting agency that did not approve or deny a permit within 12 months after approval of a completed permit plan application to report to the Coordinator all actions being taken on the permit application, within 30 days following the end of the 12-month period;

and

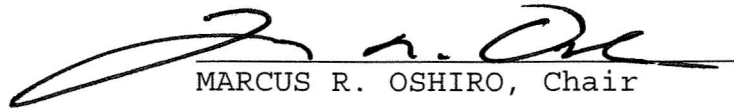
- (J) Precludes electrical energy savings, beginning January 1, 2015, from counting toward renewable energy portfolio standards;
- (3) Changing its effective date to July 1, 2020, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Finance that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1464, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1464, H.D. 3.



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Respectfully submitted on
behalf of the members of the
Committee on Finance,


MARCUS R. OSHIRO, Chair



