

Honolulu, Hawaii

APR 09 2009

RE: H.B. No. 1464
H.D. 3
S.D. 2

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fifth State Legislature
Regular Session of 2009
State of Hawaii

Madam:

Your Committee on Ways and Means, to which was referred H.B. No. 1464, H.D. 3, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to add to or clarify a number of provisions in the Hawaii Revised Statutes to encourage energy efficiency and the development of renewable energy resources.

Specifically, this measure:

- (1) As of July 1, 2009, prohibits an electricity-generating public utility from adding a new, or increasing the capacity of an existing, covered source with a capacity of two megawatts or more using fossil fuel sources;
- (2) As of January 1, 2015, prohibits the inclusion of electrical energy savings in determining conformance with renewable energy portfolio standards required by section 269-92, Hawaii Revised Statutes;
- (3) Accelerates and extends the renewable electrical energy portfolio standard by an additional five percentage points by December 31, 2020, to twenty-five per cent from twenty per cent, and increases the standard to forty per cent by December 31, 2030;



- (4) Expands the duties of the energy resources coordinator to include:
 - (A) Identifying geographic areas containing renewable energy resources and designate these areas as renewable energy zones;
 - (B) Developing incentive programs to encourage the development of renewable energy resource projects within the renewable energy zones; and
 - (C) Assisting public and private entities in identifying and developing, through the use of special purpose revenue bonds, utility transmission projects to accommodate the development of renewable energy resources;
- (5) Expands the definition of a "qualified business" in a state enterprise zone to one that is engaged in the development and production of fuels and thermal or electrical energy using a number of renewable energy resources;
- (6) Clarifies that the duties of the renewable energy facilitator in assisting the efficient permitting of renewable energy projects extends to the land on which the project is situated and any structures or equipment, including transmission facilities, required by the project;
- (7) Amends the definition of "renewable energy facility" in section 201N-1, Hawaii Revised Statutes (renewable energy facility siting process), to authorize the energy resources coordinator to designate, as renewable energy facilities, biofuel production facilities and renewable energy facilities with smaller energy production capacities, for purposes of streamlined permit processing for new facilities;
- (8) Directs the Public Utilities Commission to establish energy efficiency portfolio standards to maximize cost-effective energy efficiency programs and technologies to achieve a reduction of four thousand three hundred gigawatt hours of electricity use reductions statewide by 2030;



- (9) Replaces the energy resources coordinator with the public benefits fee administrator as the authority to issue variances from the requirement that single-family dwelling include solar water heating systems, and requires the administrator to:
- (A) Conduct post-installation inspections of installed water heating technology; and
 - (B) Make public all applications and the dispositions of all applications for variances from the solar water heating system requirement;
- (10) Revises the tax credit on renewable energy technology systems provided by section 235-12.5, Hawaii Revised Statutes, and:
- (A) Disallows the tax credit on the installation of a solar water heating system that is required, pursuant to section 196-6.5, Hawaii Revised Statutes, on new single-family dwellings on or after January 1, 2010; and
 - (B) Limits the tax credit to eligible renewable energy technology systems installed on or after July 1, 2009; and
- (11) Extends the deadline for the Public Utilities Commission to adopt standards for solar water heating systems from July 1, 2009, to January 1, 2010, and permits the Commission to contract with the public benefits fee administrator for the development of the standards to be adopted by the Commission.

Your Committee received five written comments on this measure. The written comments may be reviewed on the Legislature's website.

Your Committee finds that numerous provisions contained in this measure either clarify or tighten existing provisions within the Hawaii Revised Statutes that encourage energy efficiencies and the development of renewable energy resources in the State. Further, a number of provisions expand certain statutory provisions to further encourage that development.



Your Committee has amended this measure by:

- (1) Deleting the requirement that gas-fired demand water heaters meet the impracticable or cost-prohibitive criteria for a variance from the solar water heating requirement, to ensure that natural gas remains a viable option for residential household water heating; and
- (2) Changing the effective date to July 1, 2046, to allow further discussion on this measure.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1464, H.D. 3, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1464, H.D. 3, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,




DONNA MERCADO KIM, Chair



The Senate
 Twenty-Fifth Legislature
 State of Hawaii

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1464 HP3 SDI	ENE, WAM	APRIL 3, 2009		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is:				
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
KIM, Donna Mercado (C)	/			
TSUTSUI, Shan S. (VC)	/			
CHUN OAKLAND, Suzanne	/			
ENGLISH, J. Kalani				/
FUKUNAGA, Carol	/			
GALUTERIA, Brickwood	/			
HEE, Clayton	/			
HOOSER, Gary L.		/		
KIDANI, Michelle N.	/			
KOKUBUN, Russell S.		/		
TOKUDA, Jill N.	/			
HEMMINGS, Fred				/
TOTAL	8	2		2
Recommendation:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
File with Committee Report	Clerk's Office	Drafting Agency	Committee File Copy	

*Only one measure per Record of Votes