

STAND. COM. REP. NO.

70

Honolulu, Hawaii

Feb 6, 2009

RE: H.B. No. 1843
H.D. 1

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

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 1843 entitled:

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

begs leave to report as follows:

The purpose of this bill is to reduce Hawaii's dependence on fossil fuel and increase the use of renewable energy within the state by, among other things:

- (1) Increasing the amount of an electric utility company's renewable portfolio standard from 20 to 25 percent of the electric company's net electricity sales by December 31, 2020;
- (2) Requiring 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;
- (3) Prohibiting the Public Utilities Commission (PUC) from issuing a permit for the construction or operation of a new electric generation unit that produces electricity solely from the combustion of a fossil fuel, with certain exemptions;
- (4) Requiring the PUC to evaluate renewable portfolio standards every five years, beginning in 2013;

HB1843 HD1 HSCR EEP HMS 2009-1851



- (5) Requiring the State Energy Resources Coordinator (Coordinator) to:
 - (A) Formulate a systematic process, including the development of requirements, to identify geographic areas that contain renewable energy resource potential that may be developed in a cost-effective and environmentally benign manner and designate these areas as renewable energy zones;
 - (B) Develop and recommend incentive plans and programs to encourage the development of renewable energy resource projects within the renewable energy zones;
 - (C) Assist public and private agencies in identifying the utility transmission projects or infrastructure that are required to accommodate and facilitate the development of renewable energy resources;
 - (D) Assist public and private agencies in coordination with the department of budget and finance in accessing use of special purpose revenue bonds to finance the engineering, design, and construction of transmission projects and infrastructure that are deemed critical to the development of renewable energy resources; and
 - (E) Develop the criteria or requirements for identifying and qualifying specific transmission projects or infrastructure that are critical to the development of renewable energy resources and for which the Coordinator shall assist in accessing the use of special purpose revenue bonds to finance;
- (6) Including specific examples of renewable resources for the production of electrical energy that businesses must be engaged in to be deemed a "Qualified Business" under Hawaii's State Enterprise Zone law; and
- (7) Specifying duties of the renewable energy facilitator to facilitate the efficient permitting of renewable energy projects.



The Sierra Club-Hawaii Chapter and Blue Planet Foundation testified in support of this bill. The Department of Business, Economic Development, and Tourism and Novo Development Company, LLC supported the intent of this measure. Hawaiian Electric Company, Maui Electric Company, and Hawaii Electric Light Company testified in support of this bill with amendments. The Hawaii Renewable Energy Alliance opposed this bill. The Honolulu Seawater Air Conditioning, LLC, provided comments.

Hawaii depends on imported oil for most of its energy needs with over 92 percent of its electrical generation being derived from fossil fuels. The combustion of these fossil fuels contributes large amounts of greenhouse gases to the atmosphere and has a profound impact on the environment.

The abundance of renewable energy available in Hawaii, including, among other things, wind and solar energy, makes it ideal for the use of these renewable resources to meet our energy needs. By using these renewable resources and decreasing our dependence on fossil fuels, Hawaii's economic, environmental, and energy security can be secured.

While this measure further specifies the duties of the renewable energy facilitator, in particular, with regard to facilitating the efficient permitting of renewable energy projects including the land parcels on which the facility is situated, your Committee finds that some renewable energy projects may occur off-shore. Your Committee notes that these types of projects should also be considered in the permit facilitation process.

Your Committee has amended this bill by:

- (1) Placing the prohibition against the issuance, by the PUC, of a permit for the construction or operation of a new electric generation unit that produces electricity solely from the combustion of a fossil fuel under the section of statute dealing with the issuance of certificates of public convenience and necessity;
- (2) Adding language establishing a more general prohibition against issuing any sort of permit for the construction or operation of a new electrical generation facility powered by fossil fuels; and
- (3) Making technical, nonsubstantive amendments for clarity, consistency, and style.



As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1843, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1843, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,



HERMINA MORITA, Chair



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: HB 1843	Committee Referral: EEP, CPC, FIN	Date: 2/5/09		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. MORITA, Hermina M. (C)	✓			
2. COFFMAN, Denny (VC)	✓			
3. CABANILLA, Rida				✓
4. CHANG, Jerry L.	✓			
5. CHONG, Pono	✓			
6. HAR, Sharon E.	✓			
7. HERKES, Robert N.	✓			
8. ITO, Ken	✓			
9. LEE, Chris	✓			
10. LUKE, Sylvia	✓			
11. SAGUM, Roland D., III	✓			
12. CHING, Corinne W.L.	✓			
13. THIELEN, Cynthia	✓			
TOTAL (13)	12			1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <u>Denny Coffman</u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				