

STAND. COM. REP. NO. 1220

Honolulu, Hawaii

March 27, 2009

RE: S.B. No. 1258
S.D. 2
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 Consumer Protection & Commerce, to which was referred S.B. No. 1258, S.D. 2, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this measure is to encourage and to clarify the law with respect to the development of renewable energy in the State.

Specifically, this measure:

- (1) Restricts electrical energy savings from being counted toward the State's renewable energy portfolio standards, excluding customer-sited photovoltaic systems after January 1, 2015;
- (2) Includes ocean thermal energy conversion in the definition of renewable energy for purposes of Public Utility Commission rate and regulation authority;
- (3) Requires electric utility companies to establish renewable energy portfolio standards that have twenty-five per cent and forty per cent of their net electricity sales attributable to renewable energy by December 31, 2020, and December 31, 2030, respectively;



- (4) Requires the fifty per cent renewable portfolio standard for renewable electrical energy to be met by December 31, 2014, and the one hundred per cent standard by January 1, 2015;
- (5) Requires the Public Utilities Commission to evaluate, and allows the Commission to revise renewable energy portfolio standards every five years beginning in 2013;
- (6) Amends the definition of eligible customer-generator to include customers who also lease or purchase renewable energy for net energy metering;
- (7) Prohibits electric utilities from unreasonably burdening, denying, or delaying an eligible customer-generator's request to participate in net energy metering;
- (8) Allows the Public Utilities Commission to increase the cap on net energy metering in a service area only by rule or order;
- (9) Allows eligible customer-generators with existing contracts for net energy metering the option of maintaining their present contracts instead of converting to new alternative credits or compensation mechanisms offered by the Public Utilities Commission;
- (10) Expands the duties of the Energy Resources Coordinator, including requiring the Coordinator to develop requirements to identify geographic areas with potential for the cost-effective development of renewable energy generation;
- (11) Amends the definition of qualified businesses in state enterprise zones by including businesses engaged in the development and production of renewable energy;
- (12) Clarifies the scope of the Renewable Energy Facilitator's permitting duties;
- (13) Amends the definition of renewable energy facility by establishing a minimum production capacity of five megawatts of electricity and including a biofuel facility with the capacity to produce one million gallons of fuel annually;



- (14) Requires a permitting agency of renewable energy facilities to report to the energy resources coordinator on actions taken if a permit is not approved within twelve months, after the Coordinator has provided thirty days notice to the agency of the permit plan application requirements; and
- (15) Allows a permit of a renewable energy facility to be deemed granted if the permitting agency of a renewable energy facility does not undertake and report any further processing action beyond the twelve-month period.

The Department of Business, Economic Development, and Tourism; Hawaiian Electric Company, Inc.; SunEdison; Dowling Company, Inc.; and SunPower supported this measure. The Hawaii Renewable Energy Alliance supported the intent of this measure. The Department of Taxation deferred to the Department of Business, Economic Development, and Tourism, and the Public Utilities Commission took no position. The Honolulu Seawater Air Conditioning, LLC expressed concerns about the measure.

Your Committee finds that this measure establishes comprehensive provisions to promote the increased use and development of renewable energy sources to benefit the State's overall economy, environment, energy security, and energy sustainability. Your Committee also finds that this bill would help the State transition to a clean renewable energy economy by bolstering the existing net energy metering program and clarifying the importance of renewable energy within the context of the State's energy production goals.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1258, S.D. 2, H.D. 1, and recommends that it be referred to the Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Consumer
Protection & Commerce,



ROBERT N. HERKES, Chair



