
A BILL FOR AN ACT

RELATING TO ENERGY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. Chapter 201N, Hawaii Revised Statutes, is
2 amended by adding a new section to be appropriately designated
3 and to read as follows:

4 "§201N- Geothermal energy pilot program. (a) Not later
5 than July 1, 2009, the energy resources coordinator shall
6 establish and implement a pilot program to:

7 (1) Develop new energy infrastructure necessary to
8 maximize the production of electricity from geothermal
9 energy sources;

10 (2) Modify or expand existing energy infrastructure to
11 maximize the production of electricity from geothermal
12 energy sources;

13 (3) Develop a sufficient workforce within a county to
14 maximize production of electricity from geothermal
15 energy sources; and

16 (4) Develop incentives that will encourage and facilitate
17 the development of infrastructure for the deployment

1 of renewable energy resources, including geothermal
2 energy resources.

3 The pilot program shall terminate no later than December 31,
4 2019.

5 (b) The geothermal energy pilot program shall be
6 implemented in a county with the largest land mass in the State.

7 (c) The energy resources coordinator shall adopt rules
8 pursuant to chapter 91 necessary for the purposes of this
9 section."

10 SECTION 2. Section 269-27.2, Hawaii Revised Statutes, is
11 amended to read as follows:

12 **"§269-27.2 Utilization of electricity generated from**
13 **nonfossil fuels.** (a) The public utilities commission shall
14 investigate and determine the extent to which electricity
15 generated from nonfossil fuel sources is available to public
16 utilities that supply electricity to the public, which
17 electricity is in excess of that utilized or otherwise needed by
18 the producers for their internal uses and which the producers
19 are willing to make available to the electric public utilities.

20 (b) The public utilities commission may direct public
21 utilities that supply electricity to the public in the county
22 with the largest contiguous land mass in the State to arrange

1 for the acquisition of and to acquire electricity generated from
2 geothermal sources at the maximum capacity that it is available
3 from producers of geothermal energy. The public utilities
4 commission shall direct public utilities that supply electricity
5 to the public in the county with the largest contiguous land
6 mass in the State to employ and dispatch the electricity
7 generated from geothermal sources in a manner consistent with
8 the availability thereof to maximize the reduction in fossil
9 fuel consumption in the generation of electricity and to achieve
10 energy self-sufficiency by no later than January 1, 2020.

11 To assist the energy resources coordinator in effectuating
12 the purposes of chapter 201N, the public utilities commission
13 shall develop reasonable guidelines and timetables for the
14 creation and implementation of power purchase agreements.

15 ~~[(b)]~~ (c) The public utilities commission may direct
16 public utilities that supply electricity to the public in any
17 county that does not require maximum geothermal energy
18 production as provided in subsection (b) to arrange for the
19 acquisition of and to acquire electricity generated from
20 nonfossil fuel sources as it is ~~[available from and the~~
21 ~~producers are willing and able to make]~~ available to the public
22 utilities, and to employ and dispatch the nonfossil fuel

1 generated electricity in a manner consistent with the
2 availability thereof to maximize the reduction in consumption of
3 fossil fuels in the generation of electricity to be provided to
4 the public. To assist the energy resources coordinator in
5 effectuating the purposes of chapter 201N, the public utilities
6 commission may develop reasonable guidelines and timetables for
7 the creation and implementation of power purchase agreements.

8 [~~e~~] (d) The rate payable by the public utility to the
9 producer for the nonfossil fuel generated electricity supplied
10 to the public utility shall be as agreed between the public
11 utility and the supplier and as approved by the public utilities
12 commission; provided that [~~in the event~~] if the public utility
13 and the supplier fail to reach an agreement for a rate, the rate
14 shall be as prescribed by the public utilities commission
15 according to the powers and procedures provided in this chapter.

16 In the exercise of its authority to determine the just and
17 reasonable rate for the nonfossil fuel generated electricity
18 supplied to the public utility by the producer, the commission
19 shall establish that the rate for purchase of electricity by a
20 public utility shall not be more than one hundred per cent of
21 the cost avoided by the utility when the utility purchases the
22 electrical energy rather than producing the electrical energy.

1 The commission's determination of the just and reasonable
2 rate shall be accomplished by establishing a methodology that
3 removes or significantly reduces any linkage between the price
4 of fossil fuels and the rate for the nonfossil fuel generated
5 electricity to potentially enable utility customers to share in
6 the benefits of fuel cost savings resulting from the use of
7 nonfossil fuel generated electricity. As the commission deems
8 appropriate, the just and reasonable rate for nonfossil fuel
9 generated electricity supplied to the public utility by the
10 producer may include mechanisms for reasonable and appropriate
11 incremental adjustments, such as adjustments linked to consumer
12 price indices for inflation or other acceptable adjustment
13 mechanisms.

14 ~~(d)~~ (e) Upon application of a public utility that
15 supplies electricity to the public, and notification ~~(of)~~ to its
16 customers, the commission, after an evidentiary hearing, may
17 allow payments made by the public utility to nonfossil fuel
18 producers for firm capacity and related revenue taxes to be
19 recovered by the public utility through an interim increase in
20 rates until the effective date of the rate change approved by
21 the commission's final decision in the public utility's next
22 general rate proceeding under section 269-16, notwithstanding

1 any requirements to the contrary of any other provision in this
2 chapter or in the commission's rules or practices; provided the
3 amount recovered by the utility and the amount of increase in
4 rates due to the payments for firm capacity and related revenue
5 taxes to be charged to the consumers of the electricity are
6 found by the commission to be:

- 7 (1) Just and reasonable;
- 8 (2) Not unduly prejudicial to the customers of the public
9 utility;
- 10 (3) Promotional of Hawaii's long-term objective of energy
11 self-sufficiency;
- 12 (4) Encouraging to the maintenance or development of
13 nonfossil fueled sources of electrical energy; and
- 14 (5) In the overall best interest of the general public.

15 The evidentiary hearing provided for in this subsection shall be
16 conducted expeditiously and shall be limited to evidence related
17 to the above findings. Notwithstanding section 269-16, no
18 public hearing shall be required, except as the commission in
19 its discretion may require."

20 SECTION 3. Statutory material to be repealed is bracketed
21 and stricken. New statutory material is underscored.

22 SECTION 4. This Act shall take effect on July 1, 2090.

Report Title:

Geothermal Energy; Energy Self-Sufficiency

Description:

Requires maximum use of geothermal energy on the island of Hawaii to achieve energy self-sufficiency and reduce reliance on imported fossil fuels. Establishes a pilot program to facilitate the development of infrastructure for the deployment of renewable energy resources, including geothermal resources.
(SD2)