
A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

1 PART I. RENEWABLE PORTFOLIO STANDARDS

2 SECTION 1. Section 269-91, Hawaii Revised Statutes, is
3 amended by amending the definitions of "renewable electrical
4 energy" and "renewable energy" to read as follows:

5 ""Renewable electrical energy" means:

6 (1) Electrical energy generated using renewable energy as
7 the source;

8 (2) Electrical energy savings brought about by the use of
9 renewable displacement or off-set technologies,
10 including solar water heating, seawater air-
11 conditioning district cooling systems, solar air-
12 conditioning, and customer-sited, grid-connected
13 renewable energy systems; provided that, beginning
14 January 1, 2015, electrical energy savings shall not
15 count towards renewable energy portfolio standards; or

16 (3) Electrical energy savings brought about by the use of
17 energy efficiency technologies, including heat pump
18 water heating, ice storage, ratepayer-funded energy



1 efficiency programs, and use of rejected heat from co-
2 generation and combined heat and power systems,
3 excluding fossil-fueled qualifying facilities that
4 sell electricity to electric utility companies and
5 central station power projects[-]; provided that,
6 beginning January 1, 2015, electrical energy savings
7 shall not count towards renewable energy portfolio
8 standards. Beginning January 1, 2015 electrical
9 energy savings shall not include customer-sited grid-
10 connected photovoltaic systems.

11 "Renewable energy" means energy generated or produced
12 utilizing the following sources:

- 13 (1) Wind;
- 14 (2) The sun;
- 15 (3) Falling water;
- 16 (4) Biogas, including landfill and sewage-based digester
17 gas;
- 18 (5) Geothermal;
- 19 (6) Ocean water, currents, and waves[+], including ocean
20 thermal energy conversion;



1 (7) Biomass, including biomass crops, agricultural and
2 animal residues and wastes, and [~~municipal~~] solid
3 waste;

4 (8) Biofuels; and

5 (9) Hydrogen produced from renewable energy sources."

6 SECTION 2. Section 269-92, Hawaii Revised Statutes, is
7 amended by amending subsections (a) and (b) to read as follows:

8 "(a) Each electric utility company that sells electricity
9 for consumption in the State shall establish a renewable
10 portfolio standard of:

11 (1) Ten per cent of its net electricity sales by December
12 31, 2010;

13 (2) Fifteen per cent of its net electricity sales by
14 December 31, 2015; [~~and~~]

15 (3) [~~Twenty~~] Twenty-five per cent of its net electricity
16 sales by December 31, 2020[~~-~~]; and

17 (4) Forty per cent of its net electricity sales by
18 December 31, 2030.

19 (b) The public utilities commission may establish
20 standards for each utility that prescribe what portion of the



1 renewable portfolio standards shall be met by specific types of
2 renewable [electrical] energy resources; provided that:

3 (1) [~~A~~] Prior to January 1, 2015, at least fifty per cent
4 of the renewable portfolio standards shall be met by
5 electrical energy generated using renewable energy as
6 the source[~~+~~], and after December 31, 2014, the entire
7 renewable portfolio standard shall be met by
8 electrical generation from renewable energy sources;

9 (2) Where electrical energy is generated or displaced by a
10 combination of renewable and nonrenewable means, the
11 proportion attributable to the renewable means shall
12 be credited as renewable energy; [~~and~~]

13 (3) Where fossil and renewable fuels are co-fired in the
14 same generating unit, the unit shall be considered to
15 generate renewable electrical energy (electricity) in
16 direct proportion to the percentage of the total heat
17 input value represented by the heat input value of the
18 renewable fuels[~~+~~]; and

19 (4) The public utilities commission shall not issue a
20 permit for the construction or operation of a new
21 electric generation unit that produces electricity



1 solely from the combustion of a fossil fuel; provided
2 that, under extraordinary circumstances, as determined
3 by the commission, a permit may be issued."

4 SECTION 3. Section 269-95, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "**§269-95 Renewable portfolio standards study.** The public
7 utilities commission shall:

- 8 (1) By December 31, 2007, develop and implement a utility
9 ratemaking structure, which may include performance-
10 based ratemaking, to provide incentives that encourage
11 Hawaii's electric utility companies to use cost-
12 effective renewable energy resources found in Hawaii
13 to meet the renewable portfolio standards established
14 in section 269-92, while allowing for deviation from
15 the standards in the event that the standards cannot
16 be met in a cost-effective manner or as a result of
17 events or circumstances, such as described in section
18 269-92(d), beyond the control of the utility that
19 could not have been reasonably anticipated or
20 ameliorated;



- 1 (2) Gather, review, and analyze empirical data to
2 [determine]:
- 3 (A) Determine the extent to which any proposed
4 utility ratemaking structure would impact
5 electric utility companies' profit margins [~~and~~
6 ~~to ensure~~];
- 7 (B) Ensure that the electric utility companies'
8 opportunity to earn a fair rate of return is not
9 diminished; and
- 10 (C) Ensure that the electric utility companies'
11 profit margins do not decrease as a result of the
12 implementation of the proposed ratemaking
13 structure;
- 14 (3) Using funds from the public utilities special fund,
15 contract with the Hawaii natural energy institute of
16 the University of Hawaii to conduct independent
17 studies to be reviewed by a panel of experts from
18 entities such as the United States Department of
19 Energy, National Renewable Energy Laboratory, Electric
20 Power Research Institute, Hawaii electric utility
21 companies, environmental groups, and other similar



1 institutions with the required expertise. These
2 studies shall include findings and recommendations
3 regarding:

4 (A) The capability of Hawaii's electric utility
5 companies to achieve renewable portfolio
6 standards in a cost-effective manner and shall
7 assess factors such as the impact on consumer
8 rates[~~τ~~]; utility system reliability and
9 stability[~~τ~~]; costs and availability of
10 appropriate renewable energy resources and
11 technologies[~~τ~~]; permitting approvals[~~τ~~]; effects
12 on the economy[~~τ~~]; balance of trade, culture,
13 community, environment, land, and water[~~τ~~];
14 climate change policies[~~τ~~]; demographics[~~τ~~]; and
15 other factors deemed appropriate by the
16 commission; and

17 (B) Projected renewable portfolio standards to be set
18 five and ten years beyond the then current
19 standards;

20 (4) [~~Revise~~] Evaluate renewable portfolio standards every
21 five years, beginning in 2013, and revise the



1 standards as appropriate based on the best information
2 available at the time [~~if the results of the studies~~
3 ~~conflict with~~] to determine whether the renewable
4 portfolio standards established by section 269-92[~~7~~]
5 remain achievable; and

- 6 (5) Report its findings and revisions to the renewable
7 portfolio standards, based on its own studies and
8 [~~those contracted under paragraph (3),~~] other
9 information, to the legislature no later than twenty
10 days before the convening of the regular session of
11 [~~2009,~~] 2014, and every five years thereafter."

12 PART II. ENERGY RESOURCES COORDINATOR

13 SECTION 4. Section 196-4, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "**§196-4 Powers and duties.** Subject to the approval of the
16 governor, the coordinator shall:

- 17 (1) Formulate plans, including objectives, criteria to
18 measure accomplishment of objectives, programs through
19 which the objectives are to be attained, and financial
20 requirements for the optimum development of Hawaii's
21 energy resources;



- 1 (2) Conduct systematic analysis of existing and proposed
2 energy resource programs, evaluate the analysis
3 conducted by government agencies and other
4 organizations, and recommend to the governor and to
5 the legislature programs [~~which~~] that represent the
6 most effective allocation of resources for the
7 development of energy sources;
- 8 (3) Formulate and recommend specific proposals, as
9 necessary, for conserving energy and fuel, including
10 the allocation and distribution thereof, to the
11 governor and to the legislature;
- 12 (4) Assist public and private agencies in implementing
13 energy conservation and related measures;
- 14 (5) Coordinate the State's energy conservation and
15 allocation programs with [~~that~~] those of the federal
16 government, other state governments, governments of
17 nations with interest in common energy resources, and
18 the political subdivisions of the State;
- 19 (6) Develop programs to encourage private and public
20 exploration and research of alternative energy
21 resources [~~which~~] that will benefit the State;



- 1 (7) Conduct public education programs to inform the public
2 of the energy situation as may exist from time to time
3 and of the government actions taken thereto;
- 4 (8) Serve as consultant to the governor, public agencies,
5 and private industry on matters related to the
6 acquisition, utilization, and conservation of energy
7 resources;
- 8 (9) Contract for services when required for implementation
9 of this chapter;
- 10 (10) Review proposed state actions [~~which~~] that the
11 coordinator finds to have significant effect on energy
12 consumption and report to the governor their effect on
13 the energy conservation program, and perform [~~such~~]
14 other services as may be required by the governor and
15 the legislature;
- 16 (11) Prepare and submit an annual report and [~~such~~] other
17 reports as may be requested to the governor and to the
18 legislature on the implementation of this chapter and
19 all matters related to energy resources; [~~and~~]
- 20 (12) Formulate a systematic process, including the
21 development of requirements, to identify geographic



1 areas that contain renewable energy resource potential
2 that may be developed in a cost-effective and
3 environmentally benign manner and designate these
4 areas as renewable energy zones;

5 (13) Develop and recommend incentive plans and programs to
6 encourage the development of renewable energy resource
7 projects within the renewable energy zones;

8 (14) Assist public and private agencies in identifying the
9 utility transmission projects or infrastructure that
10 are required to accommodate and facilitate the
11 development of renewable energy resources;

12 (15) Assist public and private agencies in coordination
13 with the department of budget and finance in accessing
14 use of special purpose revenue bonds to finance the
15 engineering, design, and construction of transmission
16 projects and infrastructure that are deemed critical
17 to the development of renewable energy resources;

18 (16) Develop the criteria or requirements for identifying
19 and qualifying specific transmission projects or
20 infrastructure that are critical to the development of
21 renewable energy resources and for which the energy



1 resources coordinator shall assist in accessing the
2 use of special purpose revenue bonds to finance; and
3 [~~(12)~~] (17) Adopt rules for the administration of this
4 chapter pursuant to chapter 91, provided that the
5 rules shall be submitted to the legislature for
6 review."

7 PART III. RENEWABLE ENERGY RESOURCES

8 SECTION 5. Section 209E-2, Hawaii Revised Statutes, is
9 amended by amending the definition of "qualified business" to
10 read as follows:

11 ""Qualified business" means any corporation, partnership,
12 or sole proprietorship authorized to do business in the State
13 that is qualified under section 209E-9, subject to the state
14 corporate or individual income tax under chapter 235, and is:

15 (1) Engaged in manufacturing, the wholesale sale of
16 tangible personal property as defined in section 237-
17 4, or a service business as defined in this chapter;

18 (2) Engaged in producing agricultural products where the
19 business is a producer as defined in section 237-5, or
20 engaged in processing agricultural products, all or
21 some of which were grown within an enterprise zone;

- 1 (3) Engaged in research, development, sale, or production
2 of all types of genetically-engineered medical,
3 agricultural, or maritime biotechnology products; or
4 (4) Engaged in [~~producing electric power from wind energy~~
5 ~~for sale primarily to a public utility company for~~
6 ~~resale to the public.~~] the development or production
7 of fuels, thermal energy, or electrical energy from
8 renewable resources, including:
9 (A) Wind;
10 (B) The sun;
11 (C) Falling water;
12 (D) Biogas, including landfill and sewage-based
13 digester gas;
14 (E) Geothermal;
15 (F) Ocean water, currents, and waves, including ocean
16 thermal energy conversion;
17 (G) Biomass, including biomass crops, agriculture and
18 animal residues and wastes, and solid waste;
19 (H) Biofuels; and
20 (I) Hydrogen produced from renewable energy sources."

21 PART IV. RENEWABLE ENERGY FACILITATOR



1 SECTION 6. Section 201-12.5, Hawaii Revised Statutes, is
2 amended by amending subsection (b) to read as follows:

3 "(b) The renewable energy facilitator shall have the
4 following duties:

5 (1) Facilitate the efficient permitting of renewable
6 energy projects~~[+]~~, including:

7 (A) The land parcel on which the facility is
8 situated;

9 (B) Any renewable energy production structure or
10 equipment;

11 (C) Any energy transmission line from the facility to
12 a public utility's electricity system; and

13 (D) Any on-site infrastructure necessary for the
14 production of electricity or biofuel from the
15 renewable energy site;

16 (2) Initiate the implementation of key renewable energy
17 projects by permitting various efficiency improvement
18 strategies identified by the department;

19 (3) Administer the day-to-day coordination for renewable
20 energy projects on behalf of the department and the
21 day-to-day operations of the renewable energy facility



1 siting process established in [+]Act 207, Session Laws
2 of Hawaii 2008[+]; and

3 (4) Submit periodic reports to the legislature on
4 renewable energy facilitation activities and the
5 progress of the renewable energy facility siting
6 process."

7 PART V. RENEWABLE ENERGY PERMITTING

8 SECTION 7. Section 201N-1, Hawaii Revised Statutes, is
9 amended by amending the definition of "renewable energy
10 facility" or "facility" to read as follows:

11 ""Renewable energy facility" or "facility" means a new
12 facility located in the State with the capacity to produce from
13 renewable energy [~~at least~~] between five megawatts and two
14 hundred megawatts of electricity[-] or a biofuel production
15 facility with a capacity of one million gallons annually. The
16 term includes any of the following associated with the initial
17 permitting and construction of the facility:

- 18 (1) The land parcel on which the facility is situated;
19 (2) Any renewable energy production structure or
20 equipment;



- 1 (3) Any energy transmission line from the facility to a
2 public utility's electricity transmission or
3 distribution system;
- 4 (4) Any on-site infrastructure; and
- 5 (5) Any on-site building, structure, other improvement, or
6 equipment necessary for the production of electricity
7 or biofuel from the renewable energy site,
8 transmission of the electricity or biofuel, or any
9 accommodation for employees of the facility."

10 SECTION 8. Section 201N-4, Hawaii Revised Statutes, is
11 amended by amending subsection (g) to read as follows:

12 "(g) Each appropriate state and county agency shall
13 diligently endeavor to process and approve or deny any permit in
14 the permit plan no later than twelve months after a completed
15 permit plan application is approved by the coordinator. If a
16 permit is not approved or denied within twelve months after
17 approval of a completed permit plan application, the permitting
18 agency, within thirty days following the end of the twelve-month
19 period, shall provide the coordinator with a report identifying
20 diligent measures that are being taken by the agency to complete
21 processing and action as soon as practicable. If a permitting



1 agency fails to provide this report and if the permit has not
2 been approved or denied within eighteen months following the
3 approval of a completed permit plan application by the
4 coordinator, the permit shall be deemed approved."

5 SECTION 9. There is appropriated out of the renewable
6 energy facility siting special fund the sum of \$1,000,000 or so
7 much thereof as may be necessary for fiscal year 2009-2010 and
8 the same sum or so much thereof as may be necessary for fiscal
9 year 2010-2011 for the operation and administration of the
10 renewable energy facility siting process.

11 The sums appropriated shall be expended by the department
12 of business, economic development, and tourism for the purposes
13 of this Act.

14 PART VI. MISCELLANEOUS

15 SECTION 10. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 11. This Act shall take effect upon its approval;
18 provided that section 9 shall take effect on July 1, 2009.

19
INTRODUCED BY: *Heather Ivorite*

JAN 28 2009

Report Title:

Renewable Energy

Description:

Establishes comprehensive measures for increasing the production and use of renewable energy in the State.

