

Honolulu, Hawaii

March 20, 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 Energy & Environmental Protection, to which was referred S.B. No. 1258, S.D. 2, entitled:

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

begs leave to report as follows:

The purpose of this bill is to encourage the development of renewable energy in the state. Specifically, this measure, among other things:

- (1) Specifies that, beginning in 2015, electrical energy savings shall not count towards renewable energy portfolio standards;
- (2) Revises the requirements of renewable energy portfolio standards for electric utilities by increasing the 2020 standard to 25 percent and establishing a 40 percent standard to be met by 2030;
- (3) Directs the Energy Resources Coordinator (Coordinator) to develop programs and incentive plans for renewable energy resources;
- (4) Amends the definition of a "qualified business" under the State Enterprise Zone program (EZ Program) to include an entity engaged in the development or



1084

production of fuels or thermal or electrical energy from renewable resources;

- (5) Clarifies the permitting duties of the Renewable Energy Facilitator;
- (6) Allows, under the definition of "renewable energy facility" in the Renewable Energy Facility Siting Process Law (Facility Siting Law), certain biofuel facilities and electricity production facilities to apply to the Coordinator to be designated as a "renewable energy facility";
- (7) Provides that renewable energy facility permits shall be deemed approved if a permitting agency does not act on the applicable permit within a specific time period; and
- (8) Appropriates funds out of the Renewable Energy Facility Siting Special Fund to be used for the purposes of the Special Fund.

The Department of Business, Economic Development, and Tourism, Hawaii Renewable Energy Alliance, Hawaiian Electric Company, Maui Electric Company, and Hawaii Electric Light Company supported this bill. Sierra Club, Hawaii Chapter and Blue Planet Foundation supported this bill with amendments. The Department of Taxation, Public Utilities Commission (PUC), Honolulu Seawater Air Conditioning, LLC, and Life of the Land submitted comments.

Your Committee has amended this measure by, among other things:

- (1) For renewable energy portfolio standards:
 - (A) Establishing that electrical energy savings, beginning January 1, 2015, shall not include customer-sited grid-connected photovoltaic systems; and
 - (B) Specifically including ocean thermal energy conversion under the definition of "renewable energy";
- (2) Amending, under the Net Energy Metering Law, the definition of:



- (A) An "eligible customer-generator" by including customers of an electric utility that leases or purchases electricity from a solar, wind turbine, biomass, or hydroelectric energy generating facility, or a hybrid system consisting of two or more of these facilities; and
 - (B) "Net energy metering" by prohibiting the electric utility from unreasonably denying, burdening, or delaying an eligible customer-generator's request to participate in net energy metering;
- (3) Allowing eligible customer-generators with existing net energy metering contracts the option of maintaining these contracts, rather than converting to any new alternative credits or compensation mechanisms established by the PUC;
 - (4) Specifically including ocean thermal energy conversion under the definition of "qualified business" under the EZ Program;
 - (5) Deleting the revision to the definition of "renewable energy facility" in the Facility Siting Law, and, instead, clarifying that "renewable energy facility" means a new facility located in the state with the capacity to produce from renewable energy between five megawatts and 200 megawatts of electricity, or a biofuel production facility with a capacity to produce one million gallons annually;
 - (6) Making the requirement that a permitting agency shall give the Coordinator a status report on actions taken on a Coordinator-approved permit plan application after the Coordinator has given at least 30 days notice to the permitting agency of the requirement of the permit plan application process and the permit is not approved or denied in 12 months; and
 - (7) Making technical, nonsubstantive amendments for style, clarity, and consistency.

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 S.B. No. 1258, S.D. 2, as amended herein, and



1084

recommends that it pass Second Reading in the form attached hereto as S.B. No. 1258, S.D. 2, 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

HERMINA MORITA, Chair



HSCR 1084

Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: SB 1250, SD2	Committee Referral: EEP, CPL, FIN	Date: 3-17-09		
<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)	10	0	0	3
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				