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# A BILL FOR AN ACT

RELATING TO AIR POLLUTION.

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

1           SECTION 1. The legislature finds that coal as a source of  
2 energy is not part of a clean and sustainable energy future for  
3 Hawaii. All of the coal consumed in the State is imported for  
4 various energy needs, and the burning of coal affects the  
5 State's air quality and its image as the "health state".

6           The legislature also finds that coal is the most carbon-  
7 intensive fuel of any fossil fuel and that it releases more  
8 greenhouse gas emissions per unit of electricity produced than  
9 any other fuel source. In 2008, Hawaii launched the Hawaii  
10 clean energy initiative, a partnership between the State of  
11 Hawaii and the United States Department of Energy designed to  
12 bring together business leaders, policy makers, and concerned  
13 citizens committed to leading Hawaii to energy independence. As  
14 part of the Hawaii clean energy initiative, the State entered  
15 into an energy agreement with Hawaiian Electric Company, Inc.,  
16 the Hawaii Electric Light Company, Inc., and the Maui Electric  
17 Company, Limited, in an attempt to work together to integrate a  
18 greener and lower-cost energy generation plan that meets the



1 needs of Hawaii's electrical energy demand. As part of the  
2 energy agreement, the parties acknowledged that new generators  
3 fueled partly or entirely by coal are not in the best interests  
4 of the people of Hawaii and agreed to oppose any attempts to add  
5 new coal-based generation in Hawaii.

6 The purpose of this Act is to prohibit the department of  
7 health from issuing permits to owners and operators for the  
8 construction of new facilities that burn or consume coal or for  
9 the expansion, relocation, or modification of existing  
10 facilities that would result in an increase of coal consumption  
11 and to prohibit the public utilities commission from approving  
12 new, modified, or renewed power purchase agreements that propose  
13 to burn or consume coal to generate energy.

14 SECTION 2. Chapter 269, Hawaii Revised Statutes, is  
15 amended by adding a new section to be appropriately designated  
16 and to read as follows:

17 "§269- No coal power purchase agreements. Beginning  
18 January 1, 2015, the public utilities commission shall not  
19 approve:

- 20 (1) A power purchase agreement for a new power plant that  
21 proposes to burn or consume coal to generate energy  
22 unless the proposed power plant replaces a less-



1           efficient power plant of equal or greater capacity  
2           that burns or consumes fossil fuels to generate  
3           electricity; and  
4        (2) A modified or renewed power purchase agreement for a  
5           power plant that proposes to burn or consume more coal  
6           to generate energy than under the previous power  
7           purchase agreement."

8           SECTION 3. Chapter 342B, Hawaii Revised Statutes, is  
9        amended by adding a new section to be appropriately designated  
10       and to read as follows:

11           "**§342B- Permits for coal-burning covered sources.** (a)  
12        Beginning on July 1, 2012, the department shall not issue any  
13        permit for any term to an owner or operator of a covered source  
14        of which construction has not begun that will burn or consume  
15        coal to generate energy.

16           (b) The department shall not issue any permit for any term  
17        to an owner or operator of an existing covered source for an  
18        expansion, relocation, or modification of the covered source  
19        that would result in an increase in the burning or consumption  
20        of coal for energy."



1 SECTION 4. Section 269-1, Hawaii Revised Statutes, is  
2 amended by adding a new definition to be appropriately inserted  
3 and to read as follows:

4 "Power purchase agreement" means an agreement between an  
5 energy facility owner and a public utility on the sale of  
6 electricity produced by the facility to the public utility."

7 SECTION 5. New statutory material is underscored.

8 SECTION 6. This Act shall take effect upon its approval.



**Report Title:**

Coal Burning; Air Pollution Control; Permits; Public Utilities Commission; Power Purchase Agreement

**Description:**

Beginning 1/1/2015, prohibits the public utilities commission from approving power purchase agreements for: new power plants that propose to burn or consume coal to generate energy unless the proposed power plant replaces a less-efficient power plant; and modified or renewed power purchase agreements for power plants that propose to burn or consume more coal to generate energy than under the previous power purchase agreement. Beginning 7/1/2012, prohibits the department of health from issuing permits for new covered sources that burn or consume coal for energy needs and the expansion, relocation, or modification of existing covered sources that would increase the burning or consumption of coal for energy needs. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

