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## A BILL FOR AN ACT

RELATING TO RENEWABLE PORTFOLIO STANDARDS.

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

1           SECTION 1. In 2001, the legislature passed the renewable  
2 portfolio standards law, which defined "renewable portfolio  
3 standard" as "the percentage of electrical energy sales that is  
4 represented by renewable electrical energy." Over time,  
5 sections 269-91 and 269-92, Hawaii Revised Statutes, have become  
6 verbose and difficult to understand. A cause for the confusion  
7 is the definition of "renewable energy". The legislature finds  
8 that it is more effective to adopt a different approach by  
9 establishing maximum fossil fuel standards, rather than  
10 renewable portfolio standards.

11           SECTION 2. Section 269-91, Hawaii Revised Statutes, is  
12 amended to read as follows:

13           "~~§269-91 [Definitions. For the purposes of this [part]:~~  
14           ~~"Biofuels" means liquid or gaseous fuels produced from~~  
15 ~~organic sources such as biomass crops, agricultural residues and~~  
16 ~~oil crops, such as palm oil, canola oil, soybean oil, waste~~



1 ~~cooking oil, grease, and food wastes, animal residues and~~  
2 ~~wastes, and sewage and landfill wastes.~~

3 ~~"Cost effective" means the ability to produce or purchase~~  
4 ~~electric energy or firm capacity, or both, from renewable energy~~  
5 ~~resources at or below avoided costs or as the commission~~  
6 ~~otherwise determines to be just and reasonable consistent with~~  
7 ~~the methodology set by the public utilities commission in~~  
8 ~~accordance with section 269-27.2.~~

9 ~~"Electric utility company" means a public utility as~~  
10 ~~defined under section 269-1, for the production, conveyance,~~  
11 ~~transmission, delivery, or furnishing of power.~~

12 ~~"Renewable electrical energy" means:~~

13 ~~(1) Electrical energy generated using renewable energy as~~  
14 ~~the source, and beginning January 1, 2015, includes~~  
15 ~~customer sited, grid connected renewable energy~~  
16 ~~generation; and~~

17 ~~(2) Electrical energy savings brought about by:~~

18 ~~(A) The use of renewable displacement or off set~~  
19 ~~technologies, including solar water heating, sea-~~  
20 ~~water air conditioning district cooling systems,~~  
21 ~~solar air conditioning, and customer sited, grid-~~



1 ~~connected renewable energy systems; provided~~  
2 ~~that, beginning January 1, 2015, electrical~~  
3 ~~energy savings shall not include customer sited,~~  
4 ~~grid-connected renewable energy systems; or~~

5 ~~(B) The use of energy efficiency technologies,~~  
6 ~~including heat pump water heating, ice storage,~~  
7 ~~ratepayer funded energy efficiency programs, and~~  
8 ~~use of rejected heat from co-generation and~~  
9 ~~combined heat and power systems, excluding~~  
10 ~~fossil fueled qualifying facilities that sell~~  
11 ~~electricity to electric utility companies and~~  
12 ~~central station power projects.~~

13 ~~"Renewable energy" means energy generated or produced using~~  
14 ~~the following sources:~~

15 ~~(1) Wind;~~

16 ~~(2) The sun;~~

17 ~~(3) Falling water;~~

18 ~~(4) Biogas, including landfill and sewage based digester~~  
19 ~~gas;~~

20 ~~(5) Geothermal;~~



- 1       ~~(6) Ocean water, currents, and waves, including ocean~~  
2           ~~thermal energy conversion;~~
- 3       ~~(7) Biomass, including biomass crops, agricultural and~~  
4           ~~animal residues and wastes, and municipal solid waste~~  
5           ~~and other solid waste;~~
- 6       ~~(8) Biofuels; and~~
- 7       ~~(9) Hydrogen produced from renewable energy sources.~~

8           ~~"Renewable portfolio standard" means the percentage of~~  
9   ~~electrical energy sales that is represented by renewable~~  
10 ~~electrical energy.]~~

11       Renewable portfolio standards. (a) All public utilities  
12 regulated by the public utilities commission shall have a  
13 maximum fossil fuel standard of:

- 14       (1) Seventy-five per cent by December 31, 2020;  
15       (2) Forty per cent by December 31, 2030; and  
16       (3) Zero per cent by December 31, 2045.

17       (b) The public utilities commission may establish  
18 reasonable interim percentages, variances, and penalties.

19       (c) As used in this section:

20       "Fossil fuel" means coal, natural gas, petroleum, and their  
21 byproducts. Where fuels are produced by a combination of



1 renewable and fossil fuel means, the proportion attributable to  
2 fossil fuels shall be credited as fossil fuel.

3 "Fossil fuel standard" means the percentage of sales that  
4 is represented by fossil fuel."

5 SECTION 3. Section 269-92, Hawaii Revised Statutes, is  
6 repealed.

7 ~~["§269-92 Renewable portfolio standards. (a) Each~~  
8 ~~electric utility company that sells electricity for consumption~~  
9 ~~in the State shall establish a renewable portfolio standard of:~~

- 10 ~~(1) Ten per cent of its net electricity sales by~~
- 11 ~~December 31, 2010;~~
- 12 ~~(2) Fifteen per cent of its net electricity sales by~~
- 13 ~~December 31, 2015;~~
- 14 ~~(3) Thirty per cent of its net electricity sales by~~
- 15 ~~December 31, 2020;~~
- 16 ~~(4) Forty per cent of its net electricity sales by~~
- 17 ~~December 31, 2030;~~
- 18 ~~(5) Seventy per cent of its net electricity sales by~~
- 19 ~~December 31, 2040; and~~
- 20 ~~(6) One hundred per cent of its net electricity sales by~~
- 21 ~~December 31, 2045.~~



1       ~~(b) The public utilities commission may establish~~  
2       ~~standards for each utility that prescribe what portion of the~~  
3       ~~renewable portfolio standards shall be met by specific types of~~  
4       ~~renewable energy resources, provided that:~~

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

11       ~~(2) Beginning January 1, 2015, electrical energy savings~~  
12       ~~shall not count toward renewable energy portfolio~~  
13       ~~standards;~~

14       ~~(3) Where electrical energy is generated or displaced by a~~  
15       ~~combination of renewable and nonrenewable means, the~~  
16       ~~proportion attributable to the renewable means shall~~  
17       ~~be credited as renewable energy; and~~

18       ~~(4) Where fossil and renewable fuels are co-fired in the~~  
19       ~~same generating unit, the unit shall be considered to~~  
20       ~~generate renewable electrical energy (electricity) in~~  
21       ~~direct proportion to the percentage of the total heat~~



1           ~~input value represented by the heat input value of the~~  
2           ~~renewable fuels.~~

3           ~~(c) If the public utilities commission determines that an~~  
4           ~~electric utility company failed to meet the renewable portfolio~~  
5           ~~standard, after a hearing in accordance with chapter 91, the~~  
6           ~~utility shall be subject to penalties to be established by the~~  
7           ~~public utilities commission; provided that if the commission~~  
8           ~~determines that the electric utility company is unable to meet~~  
9           ~~the renewable portfolio standards due to reasons beyond the~~  
10           ~~reasonable control of an electric utility, as set forth in~~  
11           ~~subsection (d), the commission, in its discretion, may waive in~~  
12           ~~whole or in part any otherwise applicable penalties.~~

13           ~~(d) Events or circumstances that are outside of an~~  
14           ~~electric utility company's reasonable control may include, to~~  
15           ~~the extent the event or circumstance could not be reasonably~~  
16           ~~foreseen and ameliorated:~~

- 17           ~~(1) Weather related damage;~~  
18           ~~(2) Natural disasters;~~  
19           ~~(3) Mechanical or resource failure;~~



- 1       ~~(4) Failure of renewable electrical energy producers to~~  
2           ~~meet contractual obligations to the electric utility~~  
3           ~~company;~~
- 4       ~~(5) Labor strikes or lockouts;~~
- 5       ~~(6) Actions of governmental authorities that adversely~~  
6           ~~affect the generation, transmission, or distribution~~  
7           ~~of renewable electrical energy under contract to an~~  
8           ~~electric utility company;~~
- 9       ~~(7) Inability to acquire sufficient renewable electrical~~  
10           ~~energy due to lapsing of tax credits related to~~  
11           ~~renewable energy development;~~
- 12       ~~(8) Inability to obtain permits or land use approvals for~~  
13           ~~renewable electrical energy projects;~~
- 14       ~~(9) Inability to acquire sufficient cost effective~~  
15           ~~renewable electrical energy;~~
- 16       ~~(10) Inability to acquire sufficient renewable electrical~~  
17           ~~energy to meet the renewable portfolio standard goals~~  
18           ~~beyond 2030 in a manner that is beneficial to Hawaii's~~  
19           ~~economy in relation to comparable fossil fuel~~  
20           ~~resources;~~







# H.B. NO. 2575

**Report Title:**

Renewable Portfolio Standards; Public Utilities Commission;  
Fossil Fuel Standards

**Description:**

Simplifies the renewable portfolio standards law by establishing maximum fossil fuel standards instead. Allows the Public Utilities Commission to establish reasonable interim percentages, variances, and penalties.

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