

JAN 27 2016

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**A BILL FOR AN ACT**

RELATING TO RENEWABLE ENERGY.

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

1           SECTION 1. The purpose of this Act is to amend the  
2 definition of renewable portfolio standard to more accurately  
3 reflect the percentage of renewable energy penetration in the  
4 State. This amendment is being done in line with Act 97,  
5 Session Laws of Hawaii 2015, which established the 100 per cent  
6 renewable portfolio standard by 2045 and the statutory intent to  
7 transition the State away from imported fuels and toward  
8 renewable local resources that provide a secure source of  
9 affordable energy. This is accomplished by amending the  
10 renewable portfolio standard calculation to be based on  
11 electrical energy generation as opposed to electrical energy  
12 sales. Failure to address this accounting error means that the  
13 current renewable portfolio standard calculation (renewable  
14 energy divided by total electricity sales) would overestimate  
15 the amount of renewable energy serving Hawaii's electric utility  
16 customers. There are two fundamental issues that lead to the  
17 current discrepancy: (1) the current renewable portfolio  
18 standard calculation inflates the reported percentage of

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1 renewable energy by excluding renewables from customer-sited,  
2 grid-connected renewable energy generation in the denominator,  
3 which becomes material with higher levels of customer-sited,  
4 grid-connected renewable energy generation and higher renewable  
5 portfolio standard percentages; and (2) the current electrical  
6 energy sales number does not include energy losses that occur  
7 between the points of electrical energy generation and the  
8 customer meter where sales are measured. Failure to address  
9 these issues would create the incorrect public perception of the  
10 State's progress towards its one hundred per cent renewable  
11 energy statutory goal.

12 SECTION 2. Section 269-91, Hawaii Revised Statutes, is  
13 amended by amending the definition of "renewable portfolio  
14 standard" to read as follows:

15 ""Renewable portfolio standard" means the percentage of  
16 electrical energy [~~sales~~] generation that is represented by  
17 renewable electrical energy."

18 SECTION 3. Statutory material to be repealed is bracketed  
19 and stricken. New statutory material is underscored.

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1 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:           *M. A. M.*          

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BY REQUEST

# S.B. NO. 2820

**Report Title:**

Renewable Portfolio Standard; Definition

**Description:**

Amends the "renewable portfolio standard" definition to more accurately reflect the amount of renewable energy generation in Hawaii by amending the renewable portfolio standard calculation to be based on electrical energy generation as opposed to electrical energy sales.

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

## JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY.

PURPOSE: To more accurately reflect the percentage of renewable energy penetration in Hawaii in accordance with the State's one hundred percent renewable energy goal by 2045.

MEANS: Amend section 269-91, Hawaii Revised Statutes.

JUSTIFICATION: In enacting Act 97, Session Laws of Hawaii 2015, the Legislature determined that Hawaii's clean energy initiative and renewable portfolio standards are essential for ensuring maximum long-term benefit to Hawaii's economy and set a goal of one hundred percent renewable energy by 2045.

To succeed in meeting this goal, an accurate method must be used to calculate the percentage of renewable energy penetration. The current method of calculating the percentage of renewable energy penetration in Hawaii is flawed and results in a misrepresentation of our State's renewable energy progress.

Impact on the public: None.

Impact on the department and other agencies: None.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: BED 120.

OTHER AFFECTED  
AGENCIES:

Public Utilities Commission, Consumer  
Advocate, Office of Planning.

EFFECTIVE DATE:

Upon approval.