
HOUSE RESOLUTION

URGING THE BOARD OF LAND AND NATURAL RESOURCES TO DISPOSE OF THE LONG-TERM WATER RIGHTS LEASES FOR HAWAIIAN ELECTRIC'S NON-CONSUMPTIVE WATER USE ALONG THE WAILUKU RIVER BY DIRECT NEGOTIATION AND PROVIDE GUIDANCE ON DETERMINING THE VALUE OF THE ANNUAL WATER LEASE RENT.

1 WHEREAS, climate change resulting from greenhouse gas is a
2 recognized threat to Hawaii's forests and coastal ecosystems,
3 and a transition to renewable energy sources is an important
4 step in protecting Hawaii's watersheds; and
5

6 WHEREAS, one of the key goals of Hawaii's one hundred
7 percent renewable energy mandate is to reduce and stabilize
8 costs by reducing reliance on oil; and
9

10 WHEREAS, hydroelectricity, or generating electricity by
11 using falling water to turn a turbine and then returning it to
12 its source, is the oldest and one of the least expensive
13 renewable energy resources in Hawaii; and
14

15 WHEREAS, even as new technologies like wind and solar have
16 surpassed hydroelectricity in the effort to reach one hundred
17 percent renewable energy, hydroelectricity remains an important
18 part of the State's portfolio of energy resources; and
19

20 WHEREAS, one of the benefits of hydroelectricity is its
21 very low cost, enabling Hawaiian Electric to pass energy savings
22 on to customers; and
23

24 WHEREAS, for more than one hundred years, the run-of-the-
25 river operations along the Wailuku River in Hilo, Hawaii island
26 have reliably supplied a portion of Hawaii island's renewable
27 energy needs; and
28



1 WHEREAS, Hawaiian Electric manages two hydroelectric
2 generating plants, known as Puueo Hydro and Waiau Hydro, along
3 the Wailuku River; and
4

5 WHEREAS, Hawaiian Electric's use of the Wailuku River water
6 is non-consumptive; the same amount of water is returned to the
7 same river from which the water is diverted; and
8

9 WHEREAS, in 2016, the Department of Land and Natural
10 Resources' Revocable Permit Task Force recommended that the
11 Department of Land and Natural Resources work with revocable
12 water permit holders to initiate the process to convert the
13 revocable permits to water leases by the end of 2019; and
14

15 WHEREAS, in August 2016, Hawaiian Electric submitted an
16 application to the Board of Land and Natural Resources for a
17 long-term water lease; and
18

19 WHEREAS, in October 2018, the Department of Land and
20 Natural Resources transmitted the final environmental assessment
21 of the Wailuku River hydroelectric facilities long-term water
22 lease, with a finding of no significant impact, to the Office of
23 Environmental Quality Control for publication; and
24

25 WHEREAS, the lease process has not yet been fully defined
26 by the State, making it difficult for the Board of Land and
27 Natural Resources to dispose of long-term water rights; and
28

29 WHEREAS, Hawaiian Electric's lease application is unique in
30 that it involves water only; no public lands are involved; and
31

32 WHEREAS, the infrastructure used to divert water from the
33 Wailuku River to the hydropower plants is owned by Hawaiian
34 Electric on land owned by Hawaiian Electric and therefore does
35 not require the use of any diversion works or state lands; and
36

37 WHEREAS, in August 2018, Waiau Hydro was heavily damaged
38 during Hurricane Lane and has been offline since that time; and
39



H.R. NO. 127

1 WHEREAS, in order to invest in the necessary repairs and
2 upgrades to increase capacity of Waiiau Hydro, Hawaiian Electric
3 requires a long-term water lease; and
4

5 WHEREAS, no other entity could qualify to bid on this
6 particular water lease because the water would have to be
7 diverted at different locations, which would require an
8 amendment to the interim instream flow standard that is set
9 forth in section 13-169-56, Hawaii Administrative Rules; and
10

11 WHEREAS, the last long-term hydroelectric lease was
12 executed in 1991 and authorized the non-consumptive use of water
13 from the same Wailuku River in Hilo for generation of
14 hydroelectricity using lease rent based on rates that the
15 Federal Energy Regulatory Commission (FERC) charges
16 hydroelectric generators for use of federal dams and reservoirs;
17 and
18

19 WHEREAS, FERC is an independent agency that regulates the
20 interstate transmission of electricity, natural gas, and oil;
21 and
22

23 WHEREAS, the FERC rate is based on the amount of energy
24 produced by the hydroelectric generating plant; now, therefore,
25

26 BE IT RESOLVED by the House of Representatives of the
27 Thirtieth Legislature of the State of Hawaii, Regular Session of
28 2020, that the Board of Land and Natural Resources is urged to
29 dispose of the long-term water leases for Hawaiian Electric's
30 non-consumptive use along the Wailuku River by direct
31 negotiation and provide guidance on determining the value of the
32 annual water lease rent; and
33

34 BE IT FURTHER RESOLVED that the Board of Land and Natural
35 Resources is urged to base the lease rent on the FERC charges
36 calculated by the amount of energy produced by the hydroelectric
37 generating plant; and
38

39 BE IT FURTHER RESOLVED that certified copies of this
40 Resolution be transmitted to the Chairperson of the House of
41 Representatives Committee on Water, Land, & Hawaiian Affairs;



H.R. NO. 127

1 Chairperson of the Senate Committee on Water and Land; Mayor of
 2 the County of Hawaii; Chairperson of the Board of Land and
 3 Natural Resources; and President and Chief Executive Officer of
 4 Hawaiian Electric.

5
 6
 7

OFFERED BY:

Nide E. Lowe

David Carnes

Richard O. O...

[Large stylized signature]

H. K. Sumner

C. T. O.

MAR - 6 2020

