
A BILL FOR AN ACT

RELATING TO THE HAWAII ENERGY AND CLIMATE CHANGE OFFICE.

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

1 SECTION 1. Chapter 196, Hawaii Revised Statutes, is
2 amended by adding a new part to be appropriately designated and
3 to read as follows:

4 "PART . HAWAII STATE ENERGY OFFICE

5 §196- Establishment of the Hawaii state energy office.

6 There is established the Hawaii state energy office, which shall
7 be a public body politic and an instrumentality and agency of
8 the State. The purpose of the Hawaii state energy office is to
9 position Hawaii as a proving ground for clean energy
10 technologies and accelerate Hawaii's transformation to a clean
11 energy economy.

12 §196- Establishment of the deputy director of energy.

13 (a) There is established the deputy director of energy.

14 (b) The deputy director shall have experience, knowledge,
15 and expertise in clean energy related activities and
16 development.



1 (c) The deputy director shall hire staff necessary to
 2 carry out the purposes of this part. The deputy director and
 3 employees of the Hawaii state energy office shall be exempt from
 4 chapter 76, and shall not be considered civil service employees
 5 but shall be entitled to any employee benefit plan normally
 6 inuring to civil service employees.

7 (d) The power and duties of the deputy director shall be
 8 as specified in section 196-4."

9 SECTION 2. Section 196-2, Hawaii Revised Statutes, is
 10 amended as follows:

11 1. By adding two new definitions to be appropriately
 12 inserted and to read:

13 "Deputy director" means the deputy director of energy.

14 "Distributed energy resources" means a resource sited close
 15 to customers that:

16 (1) Can provide all or some of the customers' immediate
 17 electric and power needs;

18 (2) Can be used by the system to reduce demand or provide
 19 supply to satisfy the energy, capacity, or ancillary
 20 service needs of the distribution grid; and



1 (3) Is connected to the distribution system and close to
2 load, if the resource provides electricity or thermal
3 energy.

4 "Distributed energy resources" includes but is not limited to
5 solar photovoltaic and thermal, wind, combined heat and power,
6 electrical and thermal energy storage, demand response, electric
7 vehicles, electric vehicle service equipment, microgrids, energy
8 efficiency, and advanced inverters."

9 2. By amending the definition of "energy resources" to
10 read:

11 "Energy resources" means fuel, and also includes all
12 electrical or thermal energy produced by combustion of any fuel,
13 or generated ~~[or]~~, produced, or stored using wind, the sun,
14 geothermal heat, ocean water, falling water, currents, waves, or
15 any other source."

16 SECTION 3. Section 196-3, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "**§196-3 Energy resources coordinator.** The ~~[director of~~
19 ~~business, economic development, and tourism]~~ deputy director of
20 energy shall serve as energy resources coordinator."



1 SECTION 4. Section 196-4, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "§196-4 Powers and duties. Subject to the approval of the
4 governor, the coordinator shall:

5 ~~[(1) Formulate plans, including objectives, criteria to
6 measure accomplishment of objectives, programs through
7 which the objectives are to be attained, and financial
8 requirements for the optimum development of Hawaii's
9 energy resources;~~

10 ~~-(2) Conduct systematic analysis of existing and proposed
11 energy resource programs, evaluate the analysis
12 conducted by government agencies and other
13 organizations and recommend programs that represent
14 the most effective allocation of resources for the
15 development of energy resources;~~

16 ~~-(3)]~~ (1) Formulate, analyze, and recommend specific
17 [proposals, as necessary, for conserving energy
18 resources, including the allocation and distribution
19 thereof,] policies, plans, and evaluation metrics in
20 coordination with public and private sector



1 stakeholders, for cost-effectively and equitably
2 achieving the State's energy goals;

3 [~~4~~] (2) [~~Assist public and private agencies in~~
4 ~~implementing energy conservation and efficiency~~
5 ~~programs, the development of indigenous energy~~
6 ~~resources, and related measures,~~] Provide technical
7 assistance to state and county agencies to assess and
8 implement projects and programs related to energy
9 conservation and efficiency, renewable energy,
10 electric and renewable fuel transportation, and
11 related measures;

12 [~~5~~] (3) Coordinate the State's energy programs with those
13 of the federal government, other state governments,
14 governments of nations with interest in common energy
15 resources[~~7~~] and distributed energy resources, and the
16 political subdivisions of the State;

17 [~~6~~] (4) [~~Develop~~] Identify opportunities, perform
18 statewide education and outreach, collaborate with
19 stakeholders, and develop programs and tools to
20 encourage private and public exploration, research,
21 and development of [~~indigenous~~] energy resources and



1 distributed energy resources that will [~~benefit the~~
2 ~~State,~~] support the State's energy goals, including
3 public-private partnership opportunities;
4 ~~[(7) Conduct public education programs to inform the public~~
5 ~~of the energy resources situation, as it may exist,~~
6 ~~from time to time and of the government actions taken,~~
7 ~~(8) Serve as consultant to the governor, public agencies,~~
8 ~~and private industry on energy related matters,~~
9 ~~(9)]~~ (5) Contract for services when required for the
10 implementation of this chapter;
11 ~~[(10)]~~ (6) Review proposed state actions that the
12 coordinator finds to have significant effect on the
13 State's energy objectives and report to the governor
14 their effect on the energy program, and perform other
15 services as may be required by the governor and the
16 legislature;
17 ~~[(11)]~~ (7) Prepare and submit an annual report and other
18 reports as may be requested to the governor and to the
19 legislature on the implementation of this chapter [and
20 ~~all matters related to energy resources,~~



- 1 ~~(12)~~ Formulate a systematic process, including the
2 ~~development of requirements, to identify geographic~~
3 ~~areas that are rich with renewable energy resource~~
4 ~~potential that can be developed in a cost effective~~
5 ~~and environmentally benign manner and designate these~~
6 ~~areas as renewable energy zones];~~
- 7 ~~[(13)]~~ (8) Develop ~~[and]~~, recommend, and oversee
8 ~~incentives[, plans,]~~ and programs ~~[to]~~ that encourage
9 ~~the development of renewable energy [resource projects~~
10 ~~within the renewable energy zones,]~~ electric and
11 ~~renewable-fueled transportation resources, and assess~~
12 ~~and evaluate the effectiveness and continued necessity~~
13 ~~of existing incentive programs and provide~~
14 ~~recommendations, proposed changes, or both, to the~~
15 ~~governor and legislature annually;~~
- 16 ~~[(14)]~~ ~~Assist public and private agencies in identifying~~
17 ~~utility transmission projects or infrastructure~~
18 ~~required to accommodate and facilitate the development~~
19 ~~of renewable energy resources;~~
- 20 ~~(15)~~ ~~Assist public and private agencies, in coordination~~
21 ~~with the department of budget and finance, in~~



1 ~~accessing the use of special purpose revenue bonds to~~
2 ~~finance the engineering, design, and construction of~~
3 ~~transmission projects and infrastructure that are~~
4 ~~deemed critical to the development of renewable energy~~
5 ~~resources;~~

6 ~~(16) Develop the criteria or requirements for identifying~~
7 ~~and qualifying specific transmission projects and~~
8 ~~infrastructure that are critical to the development of~~
9 ~~renewable energy resources, including providing~~
10 ~~assistance in accessing the use of special purpose~~
11 ~~revenue bonds to finance the projects or~~
12 ~~infrastructure;~~

13 ~~(17)]~~ (9) Develop and maintain a comprehensive and
14 systematic quantitative and qualitative capacity to
15 analyze the status of energy resources, distributed
16 energy resources, systems, and markets, both in-state
17 and those to which Hawaii is directly tied,
18 particularly in relation to the State's economy, and
19 to recommend, develop proposals for, and assess the
20 effectiveness of policy and regulatory decisions, and
21 conduct energy emergency planning; ~~and]~~



1 (10) Support state and county agencies responsible for
2 development and adoption of energy-related codes to
3 ensure that the most recent national codes are
4 promptly considered, amended, and adopted in a manner
5 that further advances the State's energy goals;

6 (11) Act as the State's energy data clearinghouse by
7 identifying data sources, collecting new data as it
8 becomes available, analyzing temporal and geographic
9 trends, making the data and analyses publicly
10 available, and supporting the legislature and governor
11 with relevant analyses to inform state energy policy
12 plans and proposals;

13 (12) Support the implementation and promotion of economic
14 and workforce development initiatives related to and
15 resulting from the State's renewable energy
16 experience, capabilities, and data analyses; and

17 [~~18~~] (13) Adopt rules for the administration of this
18 chapter pursuant to chapter 91."

19 SECTION 5. Section 196-6.5, Hawaii Revised Statutes, is
20 amended by amending subsection (c) to read as follows:



1 "(c) The director of business, economic development, and
 2 tourism may adopt rules pursuant to chapter 91 to impose and
 3 collect fees to cover the costs of administering variances under
 4 this section. The fees, if any, shall be deposited into the
 5 ~~[energy security special]~~ _____ fund ~~[established under~~
 6 ~~section 201-12.8]~~."

7 SECTION 6. Section 196-10.5, Hawaii Revised Statutes, is
 8 amended as follows:

9 1. By amending its title to read:

10 "~~[+]§196-10.5[+]~~ Hawaii clean energy initiative program."

11 2. By amending subsection (c) to read:

12 "(c) The department of business, economic development, and
 13 tourism shall submit a report to the legislature no later than
 14 twenty days prior to the convening of each regular session on
 15 the status and progress of new and existing clean energy
 16 initiatives. The report shall also include:

17 (1) The spending plan of the Hawaii clean energy
 18 initiative program; and

19 ~~[-2) All expenditures of energy security special fund~~
 20 ~~moneys; and~~



1 ~~(3)]~~ (2) The targeted markets of the expenditures,
2 including reasons for selecting those markets, the
3 persons to be served, specific objectives of the
4 program, and program expenditures, including
5 measurable outcomes."

6 SECTION 7. Section 201-12.5, Hawaii Revised Statutes, is
7 amended by amending subsection (c) to read as follows:

8 "(c) The renewable energy facilitator position shall be
9 funded by the ~~[energy security special]~~ _____ fund."

10 SECTION 8. Section 225P-3, Hawaii Revised Statutes, is
11 amended by amending subsection (c) to read as follows:

12 "(c) The commission shall include the following members:

- 13 (1) The chairs of the standing committees of the
14 legislature with subject matter jurisdiction
15 encompassing environmental protection and land use;
- 16 (2) The chairperson of the board of land and natural
17 resources or the chairperson's designee, who shall be
18 the co-chair of the commission;
- 19 (3) The director of the office of planning or the
20 director's designee, who shall be the co-chair of the
21 commission;



- 1 (4) The deputy director of [~~business, economic~~
2 development, and tourism] energy or the deputy
3 director's designee;
- 4 (5) The chairperson of the board of directors of the
5 Hawaii tourism authority or the chairperson's
6 designee;
- 7 (6) The chairperson of the board of agriculture or the
8 chairperson's designee;
- 9 (7) The chief executive officer of the office of Hawaiian
10 affairs or the officer's designee;
- 11 (8) The chairperson of the Hawaiian homes commission or
12 the chairperson's designee;
- 13 (9) The director of transportation or the director's
14 designee;
- 15 (10) The director of health or the director's designee;
- 16 (11) The adjutant general or the adjutant general's
17 designee;
- 18 (12) The chairperson of the board of education or the
19 chairperson's designee;
- 20 (13) The directors of each of the county planning
21 departments, or the directors' designees; and



1 (14) The manager of the coastal zone management program."

2 SECTION 9. Section 243-3.5, Hawaii Revised Statutes, is
3 amended by amending subsections (a) and (b) to read as follows:

4 "(a) In addition to any other taxes provided by law,
5 subject to the exemptions set forth in section 243-7, there is
6 hereby imposed a state environmental response, energy, and food
7 security tax on each barrel or fractional part of a barrel of
8 petroleum product sold by a distributor to any retail dealer or
9 end user of petroleum product, other than a refiner. The tax
10 shall be \$1.05 on each barrel or fractional part of a barrel of
11 petroleum product that is not aviation fuel; provided that of
12 the tax collected pursuant to this subsection:

13 (1) 5 cents of the tax on each barrel shall be deposited
14 into the environmental response revolving fund
15 established under section 128D-2;

16 ~~[-(2) 15 cents of the tax on each barrel shall be deposited~~
17 ~~into the energy security special fund established~~
18 ~~under section 201-12.8;~~

19 ~~+(3)]~~ (2) 10 cents of the tax on each barrel shall be
20 deposited into the energy systems development special
21 fund established under section 304A-2169.1; and



1 [~~4~~] (3) 15 cents of the tax on each barrel shall be
 2 deposited into the agricultural development and food
 3 security special fund established under section
 4 141-10.

5 The tax imposed by this subsection shall be paid by the
 6 distributor of the petroleum product.

7 (b) In addition to subsection (a), the tax shall also be
 8 imposed on each one million British thermal units of fossil fuel
 9 sold by a distributor to any retail dealer or end user, other
 10 than a refiner, of fossil fuel. The tax shall be 19 cents on
 11 each one million British thermal units of fossil fuel; provided
 12 that of the tax collected pursuant to this subsection:

13 (1) 4.8 per cent of the tax on each one million British
 14 thermal units shall be deposited into the
 15 environmental response revolving fund established
 16 under section 128D-2;

17 (2) 14.3 per cent of the tax on each one million British
 18 thermal units shall be deposited into the [energy
 19 security special] _____ fund [established under
 20 section ~~201-12.8~~];



1 (3) 9.5 per cent of the tax on each one million British
2 thermal units shall be deposited into the energy
3 systems development special fund established under
4 section 304A-2169.1; and

5 (4) 14.3 per cent of the tax on each one million British
6 thermal units shall be deposited into the agricultural
7 development and food security special fund established
8 under section 141-10.

9 The tax imposed by this subsection shall be paid by the
10 distributor of the fossil fuel."

11 SECTION 10. Act 32, Session Laws of Hawaii 2017, is
12 amended as follows:

13 1. By amending section 6 to read:

14 "SECTION 6. [~~Chapter 225P, Hawaii Revised Statutes, is~~
15 ~~repealed.~~] Repealed."

16 2. By amending section 10 to read:

17 "SECTION 10. This Act shall take effect on July 1, 2017[~~+~~
18 ~~provided that section 6 shall take effect on July 1, 2022]~~."

19 SECTION 11. Section 201-12.8, Hawaii Revised Statutes, is
20 repealed.



1 ~~["§201-12.8 Energy security special fund, uses. (a)~~

2 ~~There is created within the state treasury an energy security~~

3 ~~special fund, which shall consist of:~~

4 ~~(1) The portion of the environmental response, energy, and~~

5 ~~food security tax specified under section 243-3.5;~~

6 ~~(2) Moneys appropriated to the fund by the legislature;~~

7 ~~(3) All interest attributable to investment of money~~

8 ~~deposited in the fund; and~~

9 ~~(4) Moneys allotted to the fund from other sources,~~

10 ~~including under section 196-6.5.~~

11 ~~(b) Subject to legislative appropriation, moneys from the~~

12 ~~fund may be expended by the department of business, economic~~

13 ~~development, and tourism for the following purposes and used for~~

14 ~~no other purposes, except for those set forth in this section:~~

15 ~~(1) To support the Hawaii clean energy initiative program,~~

16 ~~including its energy division, including funding staff~~

17 ~~positions within the division, and projects that~~

18 ~~ensure dependable, efficient, and economical energy,~~

19 ~~promote energy self-sufficiency, and provide greater~~

20 ~~energy security for the State;~~



1 ~~(2) To fund the renewable energy facilitator pursuant to~~
2 ~~section 201-12.5 and any other positions necessary for~~
3 ~~the purposes of paragraph (1) as determined by the~~
4 ~~legislature; and~~

5 ~~(3) To fund, to the extent possible, the greenhouse gas~~
6 ~~emissions reduction task force, climate change task~~
7 ~~force, grants in aid to the economic development~~
8 ~~boards of each county, and grants in aid to economic~~
9 ~~development agencies of each county to meet the stated~~
10 ~~objectives of the Hawaii clean energy initiative~~
11 ~~program.~~

12 ~~(c) The department of business, economic development, and~~
13 ~~tourism shall submit a report to the legislature, no later than~~
14 ~~twenty days prior to the convening of each regular session, on~~
15 ~~the status and progress of existing programs and activities and~~
16 ~~the status of new programs and activities funded by the energy~~
17 ~~security special fund. The report shall also include:~~

- 18 ~~(1) The spending plan of the energy security special fund;~~
- 19 ~~(2) All expenditures of energy security special fund~~
- 20 ~~moneys; and~~



1 ~~(3) The targeted markets of the expenditures, including~~
2 ~~the reason for selecting those markets; the persons to~~
3 ~~be served; and the specific objectives of the~~
4 ~~expenditures, including measurable outcomes."]~~

5 SECTION 12. There is appropriated out of the general
6 revenues of the State of Hawaii the sum of \$ or so
7 much thereof as may be necessary for fiscal year 2019-2020 and
8 the same sum or so much thereof as may be necessary for fiscal
9 year 2020-2021 for the Hawaii state energy office.

10 The sums appropriated shall be expended by the department
11 of business, economic development, and tourism for the purposes
12 of this Act.

13 SECTION 13. This Act does not affect rights and duties
14 that matured, penalties that were incurred, and proceedings that
15 were begun before its effective date.

16 SECTION 14. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 15. This Act shall take effect on July 1, 2050.



Report Title:

Hawaii State Energy Office; Department of Land and Natural Resources; Department of Business, Economic Development, and Tourism; Deputy Director of Energy; Appropriation

Description:

Establishes the Hawaii state energy office. Establishes the deputy director of energy. Makes the Hawaii Climate Change Mitigation and Adaptation Commission permanent and places it within DBEDT. Repeals the energy security special fund and ends funding for the Hawaii clean energy initiative from the energy security special fund. Appropriates funds from the general fund for the Hawaii state energy office. Takes effect 7/1/2050.
(SD1)

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