

JAN 17 2020

A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

1 SECTION 1. The legislature finds that Act 97, Session Laws
2 of Hawaii 2015, amended section 269-92, Hawaii Revised Statutes,
3 to establish a one hundred per cent renewable portfolio standard
4 by December 31, 2045, with the intent to transition the State
5 away from imported fuels and toward renewable local resources
6 that provide a secure source of affordable energy. Since that
7 time, the need to reduce carbon emissions globally to avoid the
8 worst impacts of climate change has become increasingly urgent.
9 In addition, studies indicate that accelerating the adoption of
10 renewable energy will cost less than the course laid out by the
11 current renewable portfolio standard interim benchmarks.
12 Speeding up the deployment of renewable energy will also create
13 thousands of jobs and will position Hawaii at the forefront of
14 energy innovation and investment.

15 Currently, the calculation of the renewable portfolio
16 standard, based on the definition of renewable portfolio
17 standard enacted in 2001 and amended in 2006, is the percentage



1 of electrical energy sales that is represented by renewable
2 electrical energy. The legislature finds that the calculation
3 of the renewable portfolio standard based on electrical energy
4 sales (renewable electrical energy sales divided by total
5 electrical sales), rather than on electrical energy generation
6 (renewable electrical energy generation divided by total
7 electrical energy generation), overestimates the amount of
8 renewable energy serving Hawaii's electric utility customers.
9 There are two fundamental issues that lead to the current
10 discrepancy:

11 (1) The current renewable portfolio standard calculation
12 inflates the reported percentage of renewable energy
13 by excluding customer-sited, grid-connected energy
14 generation in the denominator, which becomes material
15 with higher levels of customer-sited, grid-connected
16 renewable energy generation and higher renewable
17 portfolio standard percentages; and

18 (2) The current electrical energy sales number does not
19 include energy losses that occur between the points of
20 electrical energy generation and the customer meter,
21 where sales are measured.



1 Failure to address these issues creates an incorrect measure of
2 the State's progress toward its statutory goal of one hundred
3 per cent renewable energy.

4 Therefore, the purpose of this Act is to:

5 (1) Amend the renewable portfolio standard interim goals
6 for 2030 and 2040 to accelerate the adoption of
7 renewable energy; and

8 (2) Amend the definition of renewable portfolio standard
9 to more accurately reflect the percentage of renewable
10 energy used in the State.

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

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

17 SECTION 3. Section 269-92, Hawaii Revised Statutes, is
18 amended to read as follows:

19 "§269-92 Renewable portfolio standards. (a) Each
20 electric utility company that sells electricity for consumption
21 in the State shall establish a renewable portfolio standard of:



- 1 (1) Ten per cent of its net electricity sales by
2 December 31, 2010;
- 3 (2) Fifteen per cent of its net electricity sales by
4 December 31, 2015;
- 5 (3) Thirty per cent of its net electricity sales by
6 December 31, 2020;
- 7 (4) [~~Forty~~] Sixty-five per cent of its net electricity
8 [~~sales~~] generation by December 31, 2030;
- 9 (5) [~~Seventy~~] Eighty-five per cent of its net electricity
10 [~~sales~~] generation by December 31, 2040; and
- 11 (6) One hundred per cent of its net electricity [~~sales~~]
12 generation by December 31, 2045.

13 (b) The public utilities commission may establish
14 standards for each electric utility company that prescribe
15 [~~what~~] the portion of the renewable portfolio standards that
16 shall be met by specific types of renewable energy resources;
17 provided that:

- 18 (1) Prior to January 1, 2015, at least fifty per cent of
19 the renewable portfolio standards shall be met by
20 electrical energy generated using renewable energy as
21 the source, and after December 31, 2014, the entire



1 renewable portfolio standard shall be met by
2 electrical generation from renewable energy sources;
3 (2) Beginning January 1, 2015, electrical energy savings
4 shall not count toward renewable energy portfolio
5 standards;
6 (3) Where electrical energy is generated or displaced by a
7 combination of renewable and nonrenewable means, the
8 proportion attributable to the renewable means shall
9 be credited as renewable energy; and
10 (4) Where fossil and renewable fuels are co-fired in the
11 same generating unit, the unit shall be considered to
12 generate renewable electrical energy (electricity) in
13 direct proportion to the percentage of the total heat
14 input value represented by the heat input value of the
15 renewable fuels.
16 (c) If the public utilities commission determines that an
17 electric utility company failed to meet the renewable portfolio
18 standard, after a hearing in accordance with chapter 91, the
19 utility shall be subject to penalties to be established by the
20 public utilities commission; provided that if the commission
21 determines that the electric utility company is unable to meet



1 the renewable portfolio standards [~~due to~~] because of reasons
2 beyond the reasonable control of an electric utility, as set
3 forth in subsection (d), the commission, in its discretion, may
4 waive in whole or in part any otherwise applicable penalties.

5 (d) Events or circumstances that are [~~outside of~~] beyond
6 an electric utility company's reasonable control may include, to
7 the extent the event or circumstance could not be reasonably
8 foreseen and ameliorated:

- 9 (1) Weather-related damage;
- 10 (2) Natural disasters;
- 11 (3) Mechanical or resource failure;
- 12 (4) Failure of renewable electrical energy producers to
13 meet contractual obligations to the electric utility
14 company;
- 15 (5) Labor strikes or lockouts;
- 16 (6) Actions of governmental authorities that adversely
17 affect the generation, transmission, or distribution
18 of renewable electrical energy under contract to an
19 electric utility company;



- 1 (7) Inability to acquire sufficient renewable electrical
2 energy due to lapsing of tax credits related to
3 renewable energy development;
- 4 (8) Inability to obtain permits or land use approvals for
5 renewable electrical energy projects;
- 6 (9) Inability to acquire sufficient cost-effective
7 renewable electrical energy;
- 8 (10) Inability to acquire sufficient renewable electrical
9 energy to meet the renewable portfolio standard goals
10 beyond 2030 in a manner that is beneficial to Hawaii's
11 economy in relation to comparable fossil fuel
12 resources;
- 13 (11) Substantial limitations, restrictions, or prohibitions
14 on utility renewable electrical energy projects; and
- 15 (12) Other events and circumstances of a similar nature[-]
16 that could not be reasonably foreseen and
17 ameliorated."

18 SECTION 4. This Act does not affect rights and duties that
19 matured, penalties that were incurred, and proceedings that were
20 begun before its effective date.



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1 SECTION 5. Statutory material to be repealed is bracketed
2 and stricken. New statutory material is underscored.

3 SECTION 6. This Act shall take effect on July 1, 2020.

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INTRODUCED BY: *Randy H. Bell*
Randy H. Bell
[Signature]
[Signature]



S.B. NO. 2317

Report Title:

Renewable Portfolio Standard; Electricity

Description:

Amends the definition of renewable portfolio standard to be a percentage of electrical energy generation, rather than sales. Amends the renewable portfolio standard interim goals for 2030 and 2040 to accelerate the adoption of renewable energy.

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