

JAN 23 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 Hawaii's energy
2 sector is undergoing a transition to renewable energy to
3 strengthen the State's economy, environment, and security and to
4 reduce greenhouse gas emissions. The legislature further finds
5 that the cost of living in Hawaii is already among the highest
6 in the nation. To complete this transition successfully, ensure
7 maximum benefits for Hawaii's people and businesses, and ensure
8 consumers are not harmed by unreasonably increasing energy
9 costs, it is important that all relevant entities are aligned to
10 the extent economically feasible.

11 With its limited supply and distribution network, Hawaii
12 has both the lowest total natural gas consumption in the nation
13 and the lowest per capita consumption, and gas only represents
14 approximately two per cent of energy expenditures in Hawaii.
15 Nevertheless, the legislature believes it is important to
16 continue to strive towards achieving the State's renewable
17 energy goals and additional information is needed before the



1 legislature can determine the implications of requiring
2 renewable energy standards for gas utility companies since any
3 higher costs would be borne by its customers and it is unclear
4 whether renewable gas is available in sufficiently reliable
5 quantities at reasonable costs.

6 The legislature also finds that it is important for energy
7 security to sustain the economic stability and financial health
8 of gas utility companies to maintain energy diversity and
9 resiliency to be prepared for times of global economic
10 volatility and natural disasters.

11 The purpose of this Act is to:

- 12 (1) Conduct a study regarding the availability,
13 feasibility, and costs of the use of renewable gas in
14 Hawaii by gas utility companies; and
15 (2) Appropriate funds for the study.

16 SECTION 2. **Definitions.** For the purposes of this Act:

17 "Biogas" means gas that is generated from organic waste or
18 other organic materials through anaerobic digestion,
19 gasification, pyrolysis, or other technology that converts
20 organic waste to gas.



1 "Gas utility company" means a public utility as defined
2 under section 269-1, Hawaii Revised Statutes, for the
3 production, conveyance, transmission, delivery, or furnishing of
4 gas, light, power, heat, or cold produced from gas.

5 "Renewable gas" means any of the following products
6 processed or upgraded to be interchangeable with conventional
7 natural gas for the purpose of meeting pipeline quality
8 standards, end use requirements, or transportation fuel grade
9 requirements:

- 10 (1) Biogas;
- 11 (2) Hydrogen gas derived from renewable energy sources; or
- 12 (3) Carbon dioxide from waste.

13 SECTION 3. (a) These studies shall include, but not be
14 limited to, findings regarding:

15 (1) The potential quantity and cost of renewable gas that
16 could be produced in the State and delivered for use,
17 and if necessary, that could be produced out of the
18 State and delivered to the State for use:

- 19 (A) By residential, commercial, and industrial
20 consumers; and
- 21 (B) As a transportation fuel;



- 1 (2) The identification and inventory of feedstock and
2 acreaage for renewable gas production currently
3 available in this state;
- 4 (3) Commercial conversion technologies for renewable gas
5 production and economic scalability of capacity;
- 6 (4) Identify incentives that are currently available to
7 develop renewable gas resources and identify
8 incentives that are made available to develop
9 renewable gas resources in other jurisdictions;
- 10 (5) The potential for the use of renewable gas in the
11 State to measurably reduce greenhouse gas emissions;
- 12 (6) The potential for renewable gas in the State to
13 measurably improve air quality;
- 14 (7) The technical, market, policy, and regulatory barriers
15 to developing and utilizing renewable gas in the
16 State, produced in the State and delivered for use,
17 and produced out of the State and delivered to the
18 State for use, and possible solutions to overcoming
19 such barriers;
- 20 (8) Identifying available renewable alternatives, such as
21 the procurement and importation of renewable gas;



- 1 (9) Whether renewable gas projects should have access to
2 the same incentives other renewable energy projects
3 are provided, such as gas utility company incentives,
4 investment and production tax credits, land and water
5 policy incentives to facilitate and encourage the use
6 of public and private lands and other resources for
7 renewable gas production by farmers and landowners,
8 and other incentives;
- 9 (10) The ability to use renewable gas at reasonable costs
10 and shall assess factors such as:
- 11 (A) The impact on consumer rates;
- 12 (B) Gas utility company system reliability and
13 stability;
- 14 (C) Availability and reliability of a renewable gas
15 supply;
- 16 (D) Costs and availability of appropriate renewable
17 gas resources and technologies, including the
18 impact of renewable gas requirements on the gas
19 prices offered by renewable energy suppliers or
20 developers;



- 1 (E) Permitting requirements and necessary approvals
- 2 for renewable gas projects;
- 3 (F) Effects on the economy;
- 4 (G) Balance of trade, culture, community,
- 5 environment, land, and water;
- 6 (H) Climate change policies;
- 7 (I) Demographics;
- 8 (J) Gas price volatility;
- 9 (K) Effects on existing gas production, supply chain,
- 10 and on gas utility company suppliers;
- 11 (L) Required gas utility company infrastructure
- 12 improvements and additions;
- 13 (M) Gas quality and safety;
- 14 (N) Risks associated with the use of renewable gas;
- 15 (O) The availability of land, water, labor, and other
- 16 resources needed for the development of renewable
- 17 gas resources; and
- 18 (P) Other factors deemed appropriate by the public
- 19 utilities commission; and
- 20 (11) A renewable gas policy framework and regulatory
- 21 mechanism to ensure timely recovery of renewable gas



1 costs for gas utility companies and to encourage
2 investment in renewable gas infrastructure by gas
3 utility companies.

4 (b) The public utilities commission shall contract with
5 the Hawaii natural energy institute of the University of Hawaii
6 to conduct an independent renewable gas study to be reviewed by
7 a panel of experts with the required expertise, including
8 experts from the American Gas Association and Gas Technology
9 Institute. The Hawaii natural energy institute of the
10 University of Hawaii shall work with gas utility companies to
11 confirm and verify all data, assumptions, projections and other
12 information and analysis used in conducting the studies required
13 by this Act.

14 (c) The public utilities commission shall submit a report
15 of its findings and recommendations, including any proposed
16 legislation, to the legislature no later than twenty days prior
17 to the convening of the regular session of 2022.

18 SECTION 4. There is appropriated out of the public
19 utilities commission special fund the sum of \$250,000 or so much
20 thereof as may be necessary for fiscal year 2020-2021 for to
21 conduct the study required by this Act.



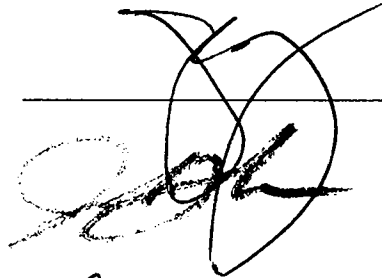
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1 The sum appropriated shall be expended by the public
2 utilities commission for the purposes of this Act.

3 SECTION 5. This Act shall take effect on July 1, 2020.

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INTRODUCED BY: _____



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S.B. NO. 2818

Report Title:

Renewable Energy; Gas; Renewable Gas Study; Appropriation

Description:

Requires a study regarding renewable gas to determine economic and technical feasibility of the use of renewable gas by gas utility companies. Appropriates funds for the study.

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