

MAR - 6 2020

SENATE CONCURRENT 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

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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

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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

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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

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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
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1 WHEREAS, Hawaiian Electric manages two hydroelectric
2 generating plants, known as Puueo Hydro and Waiiau 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
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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
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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
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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, Waiiau Hydro was heavily damaged
38 during Hurricane Lane and has been offline since that time; and
39

40 WHEREAS, in order to invest in the necessary repairs and
41 upgrades to increase capacity of Waiiau Hydro, Hawaiian Electric
42 requires a long-term water lease; and



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

6
 7 WHEREAS, the last long-term hydroelectric lease was
 8 executed in 1991 and authorized the non-consumptive use of water
 9 from the same Wailuku River in Hilo for generation of
 10 hydroelectricity using lease rent based on rates that the
 11 Federal Energy Regulatory Commission (FERC) charges
 12 hydroelectric generators for use of federal dams and reservoirs;
 13 and

14
 15 WHEREAS, FERC is an independent agency that regulates the
 16 interstate transmission of electricity, natural gas, and oil;
 17 and

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 19 WHEREAS, the FERC rate is based on the amount of energy
 20 produced by the hydroelectric generating plant; now, therefore,

21
 22 BE IT RESOLVED by the Senate of the Thirtieth Legislature
 23 of the State of Hawaii, Regular Session of 2020, the House of
 24 Representatives concurring, that the Board of Land and Natural
 25 Resources is urged to dispose of the long-term water leases for
 26 Hawaiian Electric's non-consumptive use along the Wailuku River
 27 by direct negotiation and provide guidance on determining the
 28 value of the annual water lease rent; and

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 30 BE IT FURTHER RESOLVED that the Board of Land and Natural
 31 Resources is urged to base the lease rent on the FERC charges
 32 calculated by the amount of energy produced by the hydroelectric
 33 generating plant; and

34
 35 BE IT FURTHER RESOLVED that certified copies of this
 36 Concurrent Resolution be transmitted to the Chairperson of the
 37 House of Representatives Committee on Water, Land, & Hawaiian
 38 Affairs; Chairperson of the Senate Committee on Water and Land;
 39 Mayor of the County of Hawaii; Chairperson of the Board of Land
 40 and Natural Resources; and President and Chief Executive Officer
 41 of Hawaiian Electric.



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OFFERED BY: *Marine & Funge*

[Signature]

[Signature]
Kurt Fovellon

