

MAR - 6 2020

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## SENATE 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

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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 Waiau Hydro, along  
3 the Wailuku River; and  
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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  
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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  
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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  
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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  
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37           WHEREAS, in August 2018, Waiau Hydro was heavily damaged  
38 during Hurricane Lane and has been offline since that time; and  
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40           WHEREAS, in order to invest in the necessary repairs and  
41 upgrades to increase capacity of Waiau Hydro, Hawaiian Electric  
42 requires a long-term water lease; and



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  
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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  
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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,  
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22           BE IT RESOLVED by the Senate of the Thirtieth Legislature  
23 of the State of Hawaii, Regular Session of 2020, that the Board  
24 of Land and Natural Resources is urged to dispose of the long-  
25 term water leases for Hawaiian Electric's non-consumptive use  
26 along the Wailuku River by direct negotiation and provide  
27 guidance on determining the value of the annual water lease  
28 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  
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35           BE IT FURTHER RESOLVED that certified copies of this  
36 Resolution be transmitted to the Chairperson of the House of  
37 Representatives Committee on Water, Land, & Hawaiian Affairs;  
38 Chairperson of the Senate Committee on Water and Land; Mayor of  
39 the County of Hawaii; Chairperson of the Board of Land and  
40 Natural Resources; and President and Chief Executive Officer of  
41 Hawaiian Electric.



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OFFERED BY *Francis L. Anonzo*

*[Signature]*

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*Kurt Ferrell*

