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To: House Committee on Consumer Protection & Commerce

From: Cheryl Kakazu Park, Director

Date: February 13, 2020, 2:00 p.m.
State Capitol, Conference Room 329

Re: Testimony on H.B. No. 953, H.D. 1
Relating to Energy Assurance

Thank you for the opportunity to submit testimony on this bill, which would require the Department of Business, Economic Development and Tourism to conduct analyses related to the State's energy production and distribution. The Office of Information Practices (OIP) testified regarding a confidentiality provision in a previous version of this bill, but the H.D. 1 version of this bill was amended to address OIP's concerns and OIP has no further concerns regarding this bill.



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
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Statement of
MIKE MCCARTNEY
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

Thursday, February 13, 2020
2:00 PM
State Capitol, Conference Room 329

In consideration of
HB 953, HD1
RELATING TO ENERGY ASSURANCE.

Chair Takumi, Vice Chair Ichiyama, and members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) **strongly supports** HB 953, HD1, an Administration bill, which updates Hawaii's petroleum shortage and energy emergency management (Energy Assurance) statutes, in order to strengthen the State's ability under a Governor-declared state of emergency to reduce or prevent shortages of energy that can cause significant adverse impacts on the economy, environment, public health, and the safety and welfare of the people of Hawaii.

This measure strengthens legislative guidance and authorities under a Governor-declared state of emergency to aid development of situational awareness of energy resources, which supports better informed decision making for resource requests and response actions.

DBEDT defers to the State Energy Office on proposed changes as it aligns with Act 122 (2019) which created the position of Chief Energy Officer and made HSEO an attached agency to DBEDT.

Thank you for the opportunity to testify.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Written Testimony Presented to the
House Committee on Consumer Protection and Commerce
Thursday, February 13, 2020 at 2:00 p.m.

By

Richard Rocheleau, Director
Hawai'i Natural Energy Institute

And

Michael Bruno, PhD
Provost

University of Hawai'i at Mānoa

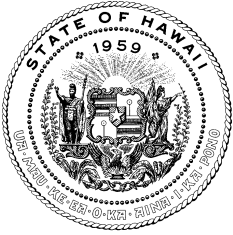
HB 953 HD1 – RELATING TO ENERGY ASSURANCE

Chair Takumi, Vice Chair Ichiyama, and members of the committee:

The Hawai'i Natural Energy Institute supports HB 953 HD1, which would require DBEDT to conduct analyses in relation to the State's energy production and distribution. clarify the confidentiality in information received by DBEDT and PUC, and clarify the powers and procedures of the Governor and DBEDT Director during an energy shortage.

HB 953 HD1 updates Chapter 125C, HRS, to align government and industry best practices and enable the State to better respond to today's potential threats and risks that face Hawaii's energy systems and resources. These changes will address current deficiencies in our energy emergency statutes to support better informed decision making, and help ensure that during an emergency, our energy resources will be available for critical public needs in a safe and efficient manner.

Thank you for the opportunity to comment on HB 953 HD1.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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DAVID Y. IGE
GOVERNOR

SCOTT J. GLENN
CHIEF ENERGY OFFICER

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Testimony of **SCOTT J. GLENN, Chief Energy Officer**

before the
HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE
Thursday, February 13, 2020
2:00 PM
State Capitol, Conference Room 329

In SUPPORT of **HB 953, HD1** **RELATING TO ENERGY ASSURANCE.**

Chair Takumi, Vice Chair Ichiyama, and Members of the Committee, the Hawaii State Energy Office (HSEO) strongly supports HB 953, HD1, an Administration bill which updates Hawaii's petroleum shortage and energy emergency management (Energy Assurance) statutes, in order to strengthen the State's ability under a Governor-declared state of emergency to reduce or prevent shortages of energy that can cause significant adverse impacts on the economy, environment, public health, and the safety and welfare of the people of Hawaii.

With the passage of Act 122 (2019), which established the HSEO and Chief Energy Officer position, as well as repealed the Department of Business, Economic Development, and Tourism (DBEDT) Director's function as the Energy Resources Coordinator and transferred existing DBEDT energy office functions to the HSEO, there is a need to amend provisions of the current HD1 draft. For the Committee's consideration, attached is a Proposed Draft version that incorporates technical changes reflecting the changes brought about under Act 122 (2019).

Under current emergency plans, the HSEO is responsible for administering the State's Energy Assurance program and plans. This includes planning, training, and exercising to prepare for, and respond to, energy shortage and disaster events to ensure delivery of the energy needed for critical public services.

The primary state authoritative guidance for these functions are the decades-old petroleum shortage statutes. These provisions, however, no longer align with government and industry energy emergency best practices. Nor do they adequately enable the state to successfully develop the technical and analytical perspective necessary for situational awareness of the state's energy resources under a state of emergency – a requirement for an effective response.

The HSEO believes that clarity of functional roles and clearly delineated authority for implementation is essential. HB 953, HD1, and these proposed amendments provide policy guidance to better address exposure to energy supply disruption risk over the next decade.

These changes support better informed decision making and implementation of any government or industry resource requests and response actions for a faster and more resilient recovery.

We believe that this bill is a critical component not only to effectively plan for and respond to the variety and complexity of the threats, hazards, and risks that Hawaii's energy systems and resources face today, but also to better ensure that fuel products and energy resources are made available to emergency services and critical public needs in a safe, orderly, and efficient manner.

Thank you for the opportunity to testify.

H.B. NO.

A BILL FOR AN ACT

RELATING TO ENERGY ASSURANCE.

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

1 SECTION 1. Chapter 125C, Hawaii Revised Statutes, is
2 amended by adding to part I three new sections to be
3 appropriately designated and to read as follows:

4 "§125C-A Information and analysis required for state
5 energy planning, energy assurance planning, and energy supply
6 risk assessment and resilience planning. (a) The [department]
7 energy office, with its own staff and agents whom the [director]
8 chief energy officer designates as authorized representatives,
9 shall use the information, including confidential information,
10 received from all sources solely to effectuate the purposes of
11 this chapter, chapter 127A, and chapter 196.

12 (b) The [director] chief energy officer shall conduct
13 systematic quantitative and qualitative analyses of the State's
14 energy resources that the [director] chief energy officer
15 determines are necessary to:

- 1 (1) Assess and report on any actual or potential energy
2 supply disruption or shortage that threatens to impair
3 the public health, safety, and welfare and to preserve
4 the lives and property of the people of the state;
- 5 (2) Produce energy ecosystem assessments to determine
6 risks, vulnerabilities, criticalities,
7 interdependencies, impacts, consequences, and
8 mitigation strategies related to any actual or
9 potential emergency or disaster impacting the State;
- 10 (3) Develop an understanding of causes and effects of
11 transitional issues and trends related to changes in
12 the State's energy resources, systems, and markets;
- 13 (4) Establish and maintain baseline data and information
14 on Hawaii's statewide energy resources, systems, and
15 markets, and their relationships to energy investment
16 decisions and the economy in support of measures to
17 increase energy resiliency, reduce vulnerabilities,
18 and preserve Hawaii's energy security;
- 19 (5) Develop energy assurance and emergency response plans
20 and measures, which in the event of an actual energy
21 shortage or supply disruption, are used to determine
22 and recommend what, if any, emergency government

1 intervention may be necessary and appropriate, and to
2 implement and evaluate the effectiveness of such
3 emergency intervention while promoting informed,
4 transparent, and defensible decision making;

5 (6) Produce other relevant energy analyses that the
6 [director] chief energy officer deems necessary to
7 administer the energy planning, energy emergency
8 planning, energy assurance planning, and energy
9 security policies pursuant to this chapter, and other
10 activities in support of the [director's] chief energy
11 officer's role and responsibilities pursuant to
12 chapters 127A and 196 and other relevant laws.

13 **§125C-B Confidential information.** (a) Information
14 provided to the [department] energy office for the purposes of
15 this chapter shall be kept confidential to the extent it falls
16 under an exception to disclosure in section 92F-13.

17 (b) Unless otherwise provided by law, with respect to data
18 that the public utilities commission or [department] energy
19 office obtained or was provided pursuant to this chapter,
20 neither the public utilities commission or [department] energy
21 office nor any employee of the commission or [department] energy
22 office may do any of the following:

1 (1) Use the information furnished or obtained for any
2 purpose other than the purposes for which it is
3 supplied;

4 (2) Make any publication whereby the data furnished by any
5 person can be identified; or

6 (3) Permit any person other than the public utilities
7 commission, the department of taxation, the attorney
8 general, the consumer advocate, the [department of
9 business, economic development, and tourism] energy
10 office, and the authorized representatives and
11 employees of each to examine the individual reports or
12 statements provided.

13 **§125C-C Confidential information obtained by another state**
14 **agency.** Any confidential information pertinent to the
15 responsibilities of the [department] energy office specified in
16 this chapter that is obtained by another state agency, including
17 the department of taxation, the attorney general, and the
18 consumer advocate, shall be available only to the attorney
19 general, the attorney general's authorized representatives, the
20 [department of business, economic development, and tourism]
21 energy office, and the public utilities commission and shall be
22 treated in a confidential manner.

1 §125C-D Definitions. As used in this chapter, unless the
2 context otherwise requires:

3 "Agent" means a person who is designated by the [director]
4 chief energy officer as an authorized representative.

5 "Chief Energy Officer" means the chief energy officer of
6 the Hawaii state energy office, pursuant to section 196-72, and
7 the governor's authorized representative for energy.

8 "Dealer" means any person engaged in the retail sale of
9 fuel in Hawaii.

10 ["Department" means the department of business, economic
11 development, and tourism.]

12 ["Director" means the director of business, economic
13 development, and tourism, who is the state energy resources
14 coordinator pursuant to section 196-3, and the governor's
15 authorized representative for energy.]

16 "Distributor" means any person who:

17 (1) Refines, manufactures, produces, or compounds fuel in
18 the State and sells it at wholesale or at retail;

19 (2) Imports or causes to be imported into the State, or
20 exports or causes to be exported from the State, any
21 fuel;

1 (3) Acquires fuel through exchanges with another
2 distributor; or

3 (4) Purchases fuel for resale at wholesale or retail from
4 any person described in paragraph (1), (2), or (3);

5 provided that "distributor" shall not include a marina, lessee
6 dealer-operated station, owner-operated station, or other
7 retailer that retails fuel only to end users or the public.

8 "Electricity" means all electrical energy produced by
9 combustion of any fuel, or generated or produced using wind, the
10 sun, geothermal heat, ocean water, falling water, currents, and
11 waves, or any other source.

12 "Energy" means work or heat that is, or may be, produced
13 from any fuel or source whatsoever.

14 "Energy Office" means the Hawaii state energy office.

15 "Energy resources" means fuel, and also includes all
16 electrical or thermal energy produced by combustion of any fuel,
17 or generated or produced using wind, the sun, geothermal heat,
18 ocean water, falling water, currents, and waves, or any other
19 source.

20 "Fuel" means fuels, whether liquid, solid, or gaseous,
21 commercially usable for energy needs, power generation, and
22 fuels manufacture, that may be manufactured, grown, produced, or

1 imported into the State or that may be exported therefrom,
2 including petroleum, petroleum products and gases to include all
3 fossil fuel-based gases, coal tar, vegetable ferments, biomass,
4 municipal solid waste, biofuels, hydrogen, agricultural products
5 used as fuels and as feedstock to produce fuels, and all fuel
6 alcohols.

7 "Major energy marketer" means any person who sells energy
8 resources in amounts determined by the [director] chief energy
9 officer as having a major effect on the supplies of, or demand
10 for, energy resources.

11 "Major energy producer" means any person who produces
12 energy resources in amounts determined by the [director] chief
13 energy officer as having a major effect on the supplies of, or
14 demand for, energy resources.

15 "Major energy transporter" means any person who transports
16 energy resources in amounts determined by the [director] chief
17 energy officer as having a major effect on the supplies of, or
18 demand for, energy resources.

19 "Major energy user" means any person who uses energy
20 resources in the manufacture of products or for the generation
21 of electricity in amounts determined by the [director] chief

1 energy officer as having a major effect on the supplies of, or
2 demand for, energy resources.

3 "Major fuel storer" means any person who stores fuels in
4 amounts determined by the [director] chief energy officer as
5 having a major effect on the supplies of, or demand for, energy
6 resources."

7 SECTION 2. Chapter 125C, Hawaii Revised Statutes, is
8 amended by amending its title to read as follows:

9 **"CHAPTER 125C**

10 ~~[PROCUREMENT, CONTROL, DISTRIBUTION AND SALE OF PETROLEUM~~
11 ~~PRODUCTS]~~ **ENERGY ASSURANCE AND FUEL SECURITY"**

12 SECTION 3. Section 125C-1, Hawaii Revised Statutes, is
13 amended to read as follows:

14 **"§125C-1 Findings and purpose.** The legislature finds that
15 adequate supplies of [~~petroleum products~~] energy resources are
16 essential to the health, welfare, and safety of the people of
17 Hawaii, and that any [~~severe disruption in petroleum product~~
18 ~~supplies~~] actual or potential disruption or shortage of energy
19 resources ~~for use~~ within the State would cause grave hardship,
20 pose a threat to the economic well-being of the people of the
21 State, and have significant adverse effects upon public
22 confidence and order and effective conservation of [~~petroleum~~

1 ~~products.]~~ energy resources. The purpose of this chapter is to
2 grant to the governor or the ~~[governor's authorized~~
3 ~~representative]~~ **[director] chief energy officer** the clear
4 authority, when the governor by proclamation declares the
5 existence of a state of emergency in the State or when shortages
6 of ~~[petroleum]~~ fuel products occur or are anticipated, to
7 acquire and analyze information, including confidential
8 information, to conduct systematic quantitative and qualitative
9 analyses required for state energy planning, energy assurance
10 planning, energy emergency planning, and energy supply risk
11 assessment and resilience. This authority allows the governor
12 or **[director] chief energy officer** to adequately plan and
13 prepare for, respond to, recover from, and mitigate against any
14 actual or potential energy supply disruption or shortage, and to
15 preserve the State's energy security. Another purpose of this
16 chapter is to control the distribution and sale of ~~[petroleum]~~
17 fuel products in this State, to procure such products, and to
18 impose rules that will provide extraordinary measures for the
19 conservation of ~~[petroleum]~~ energy resources and the allocation
20 of fuel products and for ~~[their]~~ the distribution and sale of
21 fuel in an orderly, efficient, and safe manner."

1 SECTION 4. Section 125C-2, Hawaii Revised Statutes, is
2 amended to read as follows:

3 **"§125C-2 "Shortage" and "state of emergency" defined.** As
4 used in this chapter, unless otherwise indicated by the context,
5 a "shortage" exists whenever the governor determines that there
6 is an increase in the demand for any [~~petroleum~~] fuel product or
7 there is a decrease in the available supply for the [~~petroleum~~]
8 fuel product in question, or both; and [~~such~~] the decrease in
9 the available supply of or increase in the demand for the
10 [~~petroleum~~] fuel product in question, or both, may cause a major
11 adverse impact on the economy, public order, or the health,
12 welfare, or safety of the people of Hawaii and may not be
13 responsibly managed within the [~~free~~] prevailing market
14 distribution system. As used in this chapter, unless otherwise
15 indicated by the context, a "state of emergency" means an
16 occurrence in any part of the State that requires efforts by
17 state government to protect property, public health, welfare, or
18 safety in the event of an emergency or disaster, or to reduce
19 the threat of an emergency or disaster, or to supplement the
20 local efforts of the county. Further, the governor may, by
21 proclamation of a state of emergency in the State under section
22 127A-14, require [~~importers~~] major energy producers,

1 distributors, major energy marketers, major fuel storers, major
2 energy transporters, and major energy users of any [~~petroleum~~]
3 fuel or fuel product [~~or other fuel~~] to monitor and report to
4 the [~~department of business, economic development, and tourism~~]
5 energy office relevant supply and demand data[-] and
6 information, including confidential information, on aspects of
7 the state's energy resources, systems, and markets. The
8 governor shall review the status of a shortage within one
9 hundred twenty days after the governor's initial determination
10 of a shortage as defined under this chapter; thenceforth, the
11 governor shall conduct a review of the shortage to make a new
12 determination every thirty days until a shortage no longer
13 exists. Further, the monitoring and reporting authorities
14 pursuant to a declared state of emergency in the State shall
15 terminate under the provisions contained in section 127A-14(d)."

16 SECTION 5. Section 125C-3, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "**§125C-3 Powers in a shortage**[-] **or state of emergency.**
19 When a shortage or a state of emergency in the State as defined
20 in section 125C-2 [~~exists,~~] has been declared by the governor,
21 the governor or the [~~governor's authorized representative,~~]
22 [director] chief energy officer, in order to plan and prepare

1 for, respond to, recover from, and mitigate against any actual
2 or potential energy supply disruption or shortage, [to] preserve
3 the State's energy security, and [to] ensure that [petroleum]
4 fuel products and energy resources are made available to the
5 public in an orderly, efficient, and safe manner, may:

6 (1) Control the retail distribution and sale of
7 [petroleum] fuel products by adopting rules that may
8 include, but are not limited to, the following
9 measures:

10 (A) Restricting the sale of [petroleum] fuel products
11 to specific days of the week, hours of the day or
12 night, odd- and even-numbered calendar days, and
13 vehicles having less than a specified amount of
14 gasoline in their tanks, with exceptions for
15 certain designated geographical areas;

16 (B) Restricting sales of [petroleum] fuel products by
17 dealers to daily allocations, which shall be
18 determined by dividing the monthly allocation by
19 the number of selling days per month;

20 (C) Requiring dealers to post signs designating their
21 hours of operation and the sell-out of daily
22 allocation;

- 1 (D) Instituting a statewide [~~rationing~~] shortage
2 management plan; and
- 3 (E) Allowing for special handling for essential
4 commercial and emergency-user vehicles;
- 5 (2) Require that a percentage of [~~petroleum~~] fuel
6 products, not to exceed five per cent, be set aside to
7 alleviate hardship; provided that aviation gasoline
8 set aside shall not exceed ten per cent;
- 9 (3) Purchase and resell or otherwise distribute
10 [~~petroleum~~] fuel products [~~, and purchase and resell or~~
11 ~~otherwise distribute ethanol that is produced within~~
12 ~~the State and can be used as a substitute for~~
13 ~~petroleum products~~];
- 14 (4) Temporarily suspend for the duration of a shortage or
15 a state of emergency, standards that may affect or
16 restrict the use of a substitute fuel to meet energy
17 demand;
- 18 (5) Implement fuel shortage emergency response measures,
19 including state government supply enhancement, supply
20 management, regulatory waivers, and demand restraint
21 measures, to assure fuel supplies for essential public
22 service during a shortage or state of emergency;

1 (6) Acquire and analyze information, including
2 confidential information, to conduct systematic
3 quantitative and qualitative analyses required for
4 state energy planning, energy assurance planning,
5 energy emergency planning, and energy supply risk
6 assessment and resilience;

7 [~~4~~] (7) Receive, expend, or use contributions or grants
8 in money or property, or special contributions thereof
9 for special purposes not inconsistent with this
10 chapter;

11 [~~5~~] (8) Borrow and expend moneys needed to exercise the
12 powers granted under this section;

13 [~~6~~] (9) Contract in the name of the State for the
14 purpose of implementing this chapter or any part
15 [~~thereof~~] hereof; and

16 [~~7~~] (10) Exercise the powers granted under this section
17 to the degree and extent deemed by the governor to be
18 necessary, including the temporary or indefinite
19 suspension of all or part of the measures taken, as
20 the governor deems appropriate."

21 SECTION 6. Section 125C-4, Hawaii Revised Statutes, is
22 amended to read as follows:

1 **"§125C-4 Adopting, filing, and taking effect of rules.**

2 The governor or the [~~governor's authorized representative~~]
3 [~~director~~] chief energy officer shall adopt rules pursuant to
4 chapter 91, to [~~insure~~] ensure that [~~petroleum~~] fuel products
5 and energy resources are made available to the public in an
6 orderly, efficient, and safe manner, to become effective when a
7 shortage, as defined in section 125C-2, exists. If additional
8 and unforeseen measures are required to [~~insure~~] ensure that
9 [~~petroleum~~] fuel products are distributed in an orderly,
10 efficient, and safe manner, the governor or the [~~governor's~~
11 ~~authorized representative~~] [~~director~~] chief energy officer may
12 proceed without prior notice or hearing or upon such abbreviated
13 notice and hearing as the governor finds practicable to adopt
14 additional rules authorized under this chapter with the
15 additional rules to be effective for a period of not longer than
16 one hundred twenty days without renewal. Any rule so adopted
17 may be amended or repealed by the [~~governor~~] or the [~~director~~]
18 chief energy officer without prior notice or hearing or upon
19 abbreviated notice and hearing prior to the expiration of the
20 one hundred twenty-day period; provided that no amendment shall
21 extend the rule beyond the original period of one hundred [~~and~~]
22 twenty days. To be effective after the one hundred twenty-day

1 period, the rules shall be adopted pursuant to chapter 91. Each
2 rule adopted, amended, or repealed shall become effective as
3 adopted, amended, or repealed upon approval by the governor and
4 filing with the lieutenant governor. Each rule in effect shall
5 have the force and effect of law, but the effect of each rule
6 may be temporarily or indefinitely suspended by the governor by
7 written declaration filed with the lieutenant governor. Each
8 rule temporarily suspended shall take effect again immediately
9 upon expiration of the suspension period. Each rule
10 indefinitely suspended shall take effect immediately upon the
11 filing with the lieutenant governor of the written declaration
12 by the governor terminating the suspension."

13 SECTION 7. Section 125C-6, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "[~~f~~]§125C-6[~~f~~] **Petition for adoption, amendment, repeal,**
16 **or suspension of rules.** Any interested person may petition the
17 governor or the [~~governor's authorized representative~~]
18 [~~director~~] **chief energy officer** requesting the adoption,
19 amendment, repeal, or suspension of any rule and stating reasons
20 therefor. The governor or the [~~governor's authorized~~
21 ~~representative~~] [~~director~~] **chief energy officer** shall prescribe
22 the form for the petitions and the procedures for their

1 submission, consideration, and disposition~~[7]~~ and, within thirty
2 days after submission of the petition, shall either deny the
3 petition in writing, stating the governor's or the ~~[governor's~~
4 ~~authorized representative's]~~ **[director's] chief energy officer's**
5 reasons for the denial, or grant the petition and adopt, amend,
6 repeal, or suspend the rule accordingly."

7 SECTION 8. Section 125C-8, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "**§125C-8 Personnel; delegation of powers.** (a) The
10 **[director] chief energy officer** is to fulfill and effectuate the
11 purposes of this chapter.

12 (b) The governor or **[director] chief energy officer** may
13 appoint or employ temporary boards, agencies, officers,
14 employees, and other persons, or any of them, for the purpose of
15 carrying out the provisions of this chapter. All such
16 temporarily appointed or employed officers and employees,
17 whether or not employed by contract, shall be exempt from and
18 not subject to nor entitled to the benefits of the provisions of
19 chapters 76 and 88, or any other law, collective bargaining
20 agreement, executive order, executive directive, or rule that is
21 inapplicable to temporary employees of the State."

1 SECTION 9. Section 125C-9, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "[+]§125C-9[+] **Investigations, information collection, and**
4 **surveys.** The governor or the [~~governor's authorized~~
5 representative] **[director] chief energy officer** may make
6 investigations, collect information, including confidential
7 information, and conduct surveys for the purpose of ascertaining
8 facts to be used in administering this chapter, and in making
9 the investigations, collecting the information, and conducting
10 the surveys, may require the making, filing, or keeping of
11 applications, schedules, records, reports, or statements, under
12 oath or otherwise, administer oaths, take evidence under oath,
13 subpoena witnesses, and require the production of books, papers,
14 and records. Witnesses shall be allowed their fees and mileage
15 as in cases in the circuit courts. The circuit court of any
16 circuit or judge thereof may enforce by proper proceedings the
17 attendance and testimony of any witness subpoenaed to appear
18 within the circuit, or the production of books, papers, and
19 records."

20 SECTION 10. Section 125C-10, Hawaii Revised Statutes, is
21 amended to read as follows:

1 "~~[+]§125C-10[+]~~ **Fraud; [~~misdemeanor.~~] penalties.** Any
2 person required by the governor or the [~~governor's authorized~~
3 ~~representative,~~] [director] chief energy officer, pursuant to
4 [~~section 125C-9,~~] this chapter, to make, keep, or file any
5 application, schedule, record, report, or statement, whether or
6 not under oath, who intentionally makes, files, or keeps a false
7 or fraudulent application, schedule, report, or statement or
8 intentionally conceals therein any material fact, and any person
9 who in any other manner intentionally deceives or attempts to
10 deceive the governor or the [~~governor's authorized~~
11 ~~representative]~~ [director] chief energy officer with respect to
12 any fact to be used in administering this chapter, and any
13 person who intentionally fails to observe and comply with any
14 rule [~~promulgated]~~ adopted under this chapter, shall be [~~guilty~~
15 ~~of a misdemeanor.~~] assessed a civil penalty of not more than
16 \$10,000 per violation."

17 SECTION 11. Chapter 125C, Hawaii Revised Statutes, is
18 amended by amending the title of part II to read as follows:

19 "**PART II. HARDSHIP SET-ASIDE AND ALLOCATION OF [PETROLEUM]**
20 **FUEL PRODUCTS DURING A SHORTAGE"**

21 SECTION 12. Section 125C-21, Hawaii Revised Statutes, is
22 amended to read as follows:

1 **"§125C-21 Definitions.** [~~"Petroleum"~~] As used in this part:
2 "Fuel product" means any fuel subject to the set-aside system
3 described in this chapter, including heating oils, [~~light and~~
4 ~~heavy diesel oil,~~] all classifications of diesel fuels, motor
5 gasoline[~~7~~] and all blends of motor gasoline with other fuel
6 products, propane, butane, residual fuel oils, kerosene,
7 naphtha, biodiesel, ethanol, suboctane motor fuel, and aviation
8 fuels used for emergency and essential intrastate air transport
9 services, but excluding all other aviation fuels.

10 "Prime supplier" means any individual, trustee, agency,
11 partnership, association, corporation, company, municipality,
12 political subdivision, or other legal entity [~~which~~] that makes
13 the first sale of any [~~liquid fossil~~] fuel product into the
14 state distribution system for consumption within the State."

15 SECTION 13. Section 125C-22, Hawaii Revised Statutes, is
16 amended to read as follows:

17 **"§125C-22 When set-aside required.** When a shortage or a
18 state of emergency as defined in section 125C-2 exists, all
19 prime suppliers shall set aside supplies of each [~~petroleum~~]
20 fuel product for which there is a shortage. The amount set
21 aside shall be in accordance with [~~the~~] any rules adopted by the

1 ~~[state energy resources coordinator.]~~ **[director] chief energy**
2 **officer.**"

3 SECTION 14. Section 125C-23, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "**§125C-23 Set-aside system.** The ~~[state energy resources~~
6 ~~coordinator]~~ **[director] chief energy officer** shall adopt rules
7 establishing a ~~[petroleum]~~ fuel products set-aside system. The
8 purpose of this system shall be:

- 9 (1) The protection of public health, safety, and welfare;
10 (2) The maintenance of public services, utilities, and
11 transportation, including emergency and essential
12 intrastate air and maritime transport services;
13 (3) The maintenance of critical agricultural and
14 aquaculture operations~~[, including farming,~~
15 ~~horticulture, dairy, fishing,~~] and related services;
16 (4) The preservation of economically sound and competitive
17 industry, through the equitable acquisition and
18 distribution of ~~[petroleum]~~ fuel products; and
19 (5) The promotion of efficiency~~[,]~~ and conservation, with
20 minimum economic disruptions, during a shortage of
21 ~~[petroleum]~~ fuel products.

1 The rules establishing the set-aside system shall be adopted in
2 accordance with chapter 91."

3 SECTION 15. Section 125C-31, Hawaii Revised Statutes, is
4 amended to read as follows:

5 "~~{}~~§125C-31~~}~~ ~~Biennial state~~ State energy ~~[emergency~~
6 ~~preparedness]~~ assurance plan. (a) The ~~[department of business,~~
7 ~~economic development, and tourism]~~ energy office shall prepare a
8 comprehensive and integrated ~~[biennial]~~ state energy ~~[emergency~~
9 ~~preparedness]~~ assurance plan to be implemented in the event
10 of~~{}~~ a state of emergency, or in anticipation of~~{}~~ a change in
11 the State's ~~[petroleum]~~ energy supply or demand situation that
12 is judged by the governor or ~~[director]~~ chief energy officer to
13 be unmanageable by the ~~[free market.]~~ prevailing markets. The
14 ~~[department of business, economic development, and tourism]~~
15 energy office shall prepare a ~~[biennial]~~ state energy ~~[emergency~~
16 ~~preparedness]~~ assurance plan ~~[in every even-numbered year]~~ in
17 accordance with the following:

18 ~~{(1) The biennial state energy emergency preparedness plan~~
19 ~~shall replace the energy emergency plan developed by~~
20 ~~the energy resources coordinator, who shall act as the~~
21 ~~governor's authorized representative under this~~
22 ~~chapter;~~

1 ~~(2)~~ (1) In preparing the [~~biennial~~] state energy
2 ~~[emergency preparedness]~~ assurance plan, the
3 ~~[department]~~ **energy office** shall:

4 (A) Solicit input, comment, and review from [~~the~~
5 ~~governor's energy emergency preparedness advisory~~
6 ~~committee composed of representatives of federal,~~
7 ~~state, and county governments; private energy~~
8 ~~suppliers; consumer and other public interest~~
9 ~~groups; and the public at-large;~~] key
10 stakeholders, including public, private, and non-
11 profit sector organizations at the county, state,
12 and federal level; and

13 (B) Establish [~~other~~] task forces and advisory
14 groups, as may be deemed necessary, to assist in
15 the preparation and review of the [~~biennial~~]
16 state energy [~~emergency preparedness]~~ assurance
17 plan;

18 ~~(3)~~ (2) The [~~biennial~~] state energy [~~emergency~~
19 ~~preparedness]~~ assurance plan shall be comprehensive
20 and encompassing, and shall integrate into its
21 analytic and planning framework the plans of electric
22 and gas utilities and other energy suppliers, relevant

1 state agencies, [~~including the department of~~
2 ~~transportation,~~] counties, and such other entities as
3 deemed appropriate; and

4 [~~(4)~~] (3) The [~~biennial~~] state energy [~~emergency~~
5 ~~preparedness~~] assurance plan shall include a review
6 and update of the previous [~~biennial~~] state energy
7 [~~emergency preparedness~~] assurance plan and [~~a review~~
8 ~~of the energy emergency plans prepared by the~~
9 ~~counties.~~] shall be prepared or updated as determined
10 by the [director] chief energy officer to be necessary
11 to comport with changes in federal or state overall
12 emergency management policies and plans that
13 significantly affect the State's energy assurance plan
14 or as warranted by changes in Hawaii's energy
15 security.

16 (b) The [~~department~~] energy office shall prepare an energy
17 emergency communication plan, which shall be [~~updated~~
18 ~~biennially~~] part of the state energy assurance plan and shall be
19 consistent with [~~the energy emergency preparedness~~] any other
20 energy emergency management plans prepared by the counties[~~-~~]
21 and the State. The energy emergency communication plan shall be
22 used by the [~~State and counties~~] [department] energy office to

1 communicate and otherwise coordinate [~~state and county~~] actions
2 taken in response to implementing the [~~biennial~~] state energy
3 [~~emergency preparedness~~] assurance plan."

4 SECTION 16. Section 125C-32, Hawaii Revised Statutes, is
5 amended to read as follows:

6 "[~~+~~]**\$125C-32**[~~+~~] ~~Biennial county~~ **County energy emergency**
7 **preparedness plans.** The mayor of each county, or the mayor's
8 authorized representative, shall [~~prepare a comprehensive~~] be
9 responsible for preparing a county energy emergency preparedness
10 plan. The plan shall be prepared in coordination with and be
11 consistent with the [~~biennial~~] state energy [~~emergency~~
12 ~~preparedness~~] assurance plan[~~7~~] and shall be implemented in
13 coordination with the state energy [~~emergency preparedness~~]
14 assurance plan upon declaration of [~~an energy emergency by the~~
15 ~~governor.~~] [~~Not later than September 30 of every even-numbered~~
16 ~~year, each county shall prepare and transmit to the director of~~
17 ~~business, economic development, and tourism the county's~~
18 ~~biennial county energy emergency preparedness plan.~~] a shortage
19 or a state of emergency."

20 SECTION 17. In codifying the new sections added by section
21 1 of this Act, the revisor of statutes shall substitute

1 appropriate section numbers for the letters used in designating
2 the new sections in this Act.

3 SECTION 18. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 19. This Act shall take effect on July 1, [~~2100~~]
6 2020.

H.B. NO.

Report Title:

Energy Resources; Energy Emergency Preparedness; Shortage

Description:

Requires the ~~[DBEDT]~~ Hawaii State Energy Office to conduct analyses in relation to the State's energy production and distribution. Clarifies the confidentiality in information received by ~~[DBEDT]~~ Hawaii State Energy Office and PUC. Clarifies the Governor's and ~~[Director of Business, Economic Development and Tourism's]~~ Chief Energy Officer of the Hawaii State Energy Office's powers and procedures during a shortage. (HB953 HD1)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

TESTIMONY OF
JAMES P. GRIFFIN, Ph.D.
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

TO THE
HOUSE COMMITTEE ON
CONSUMER PROTECTION & COMMERCE

February 13, 2020
2:00 p.m.

Chair Takumi and Members of the Committee:

MEASURE: H.B. No. 953 HD1

TITLE: RELATING TO ENERGY ASSURANCE.

DESCRIPTION: Requires the DBEDT to conduct analyses in relation to the State's energy production and distribution. Clarifies the confidentiality in information received by DBEDT and PUC. Clarifies the Governor's and Director of Business, Economic Development and Tourism's powers and procedures during a shortage.

POSITION:

The Public Utilities Commission offers the following comments for consideration.

COMMENTS:

This measure would update the state's energy assurance and fuel shortage response statutes. The Commission supports the intent of this measure and is receptive to the language pertaining to the confidentiality of information available to the Commission and other agencies.

Thank you for the opportunity to testify on this measure.



Testimony to the Committee on Consumer Protection & Commerce

Thursday, February 13, 2020

2:00 PM

Conference Room 329, Hawaii State Capitol

House Bill 953 HD1

Chair Takumi, Vice Chair Ichiyama, and members of the committee,

Hawaii Gas **supports the intent of HB 953 HD1** and provides these comments, which addresses information and analysis required for state energy planning, energy assurance planning, and energy supply risk assessment and resilience planning.

As an island state, Hawaii's emergency response and readiness is of paramount importance to the state's economy, its residents, and the visitors who travel here. A state-of-the-art emergency response plan depends on current and accurate information from the relevant parties to effectively build that plan and execute it when needed.

Hawaii Gas has contingency supply volumes in case of emergencies, and in fact is often the sole provider of energy in communities where natural disasters strike.

Hawaii Gas supports the intent of the bill. However, the access to relevant data, supply information, energy reserves and other information could pose risk to confidential data and unintended consequences. We recommend that language be added to address these confidentiality concerns, and we stand ready to work with stakeholders on this issue should the bill move forward.

Given the recent new roles and responsibility of the Hawaii State Energy Office in Act 122(2019), we suggest that the HSEO also be included in this bill.

Energy supply, needs, sources, and technology have changed dramatically since the creation of the guidance still in place to inform this work. Updating those guiding tools simply makes good sense.

Thank you for the opportunity to testify.

HB-953-HD-1

Submitted on: 2/12/2020 12:45:28 PM

Testimony for CPC on 2/13/2020 2:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jon Shear	ReadyZoneHQ	Support	No

Comments:

The Department of Business, Economic Development, and Tourism (DBEDT) is designated as the lead State agency under State Emergency Response Function (SESF) #12 (Energy) to coordinate and respond to all significant energy disruptions impacting the State of Hawaii. To fulfill DBEDT's overall energy assurance mission, the State Energy Office needs access to information to support its efforts to prevent or reduce shortages of energy that can cause significant adverse impacts on the economy, environment, public health, and the safety and welfare of the people of Hawaii. This revision will serve to clarify information collection and analysis requirements, roles and responsibilities, and update procedures many of which are currently primarily focused on petroleum products. As emergency management professionals, we understand that updating plans and policies is critical to preparedness efforts. Therefore, we strongly support the proposed HB953 House Draft 1 which will serve to update Hawaii's shortage and energy emergency management statutes.



STATE OF HAWAII
DEPARTMENT OF DEFENSE
OFFICE OF THE DIRECTOR OF EMERGENCY MANAGEMENT
3949 DIAMOND HEAD ROAD
HONOLULU, HAWAII 96816-4495

STATE OF HAWAII
DEPARTMENT OF DEFENSE
HAWAII EMERGENCY MANAGEMENT AGENCY

TESTIMONY ON HOUSE BILL 953 HD1,
RELATING TO ENERGY ASSISTANCE

Before the House Committee on
PUBLIC SAFETY, VETERANS, & MILITARY AFFAIRS

By

Thomas L. Travis
Administrator, Hawaii Emergency Management Agency (HI-EMA)

Aloha Chair Takumi, Vice-Chair Ichiyama and Members of the Committee:

The Hawaii Emergency Management Agency (HI-EMA) offers **support** on House Bill 953 HD1.

House Bill 953 HD1 requires the Department of Business, Economic Development and Tourism to conduct analyses in relation to the State's energy production and distribution.

This measure would strengthen legislative guidance and authorities under a Governor-declared state of emergency to aid the Department's development of situational awareness of energy resources, which would aid in decision-making as well as government or industry resource requests and response actions. HB 953 HD1 also helps prevent and reduce shortages of energy that can cause adverse impacts on the economy, environment, public health, and the safety and welfare of the people of Hawaii.

Note: My comments represent HI-EMA concerns at the state emergency management level only. I would defer to the separate comment/testimonies of the county emergency management agencies, as they would be the jurisdictions impacted by this legislation at the local level.

Thank you for the opportunity to provide testimony on House Bill 953 HD1.

Thomas L. Travis: Thomas.L.Travis@hawaii.gov; 808-733-4300



Testimony of Kimo Haynes,
President of the Hawaii Petroleum Marketers Association

**SUPPORTING THE INTENT OF HOUSE BILL 953, HOUSE DRAFT 1,
RELATING TO ENERGY ASSURANCE**

House Committee on Consumer Protection & Commerce
The Honorable Roy Takumi, Chair
The Honorable Linda Ichiyama, Vice Chair

Thursday, February 13, 2020 at 2:00 p.m.
Hawaii State Capitol, Conference Room 329

Chair Takumi, Vice Chair Ichiyama, and members of the Committee,

I am Kimo Haynes, president of the Hawaii Petroleum Marketers Association (“HPMA”). HPMA is a non-profit trade association comprised of members who directly market liquid motor fuel products across the Hawaiian Islands. Our membership includes individuals and companies who operate as independent marketers, jobbers or distributors of petroleum products and who buy liquid motor fuel products at the wholesale level and sell or distribute products to retail customers, other wholesalers, and other bulk consumers.

House Bill 953, House Draft 1 requires the DBEDT to conduct analyses in relation to the State's energy assurance during state emergencies. Clarifies the confidentiality in information received by DBEDT and PUC. Clarifies the Governor's and Director of Business, Economic Development and Tourism's powers and procedures during a shortage.

HPMA supports the intent of HB 953, HD 1.

HPMA understands the need to collaborate with the State and emergency response agencies during an emergency. Confidentiality provisions in this bill that are intended to protect sensitive information from unwarranted disclosure are necessary to help minimize concerns among companies that will be asked to furnish such information.

Thank you for allowing HPMA the opportunity to submit written testimony.