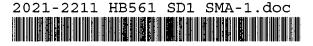
# A BILL FOR AN ACT

RELATING TO ENERGY.

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

- 1 SECTION 1. The purpose of this measure is to support the 2 State's effort to reduce its reliance on fossil fuels by
- 3 supporting energy efficiency and renewable energy. This measure
- 4 requires the Public Utilities Commission to determine, on a case
- 5 by case basis, whether the reliance on fossil fuels has an
- 6 effect on the volatility of fossil fuel prices for additional
- 7 types of utilities, including water, wastewater, and
- 8 telecommunications.
- 9 SECTION 2. Section 269-6, Hawaii Revised Statutes, is
- 10 amended to read as follows:
- 11 "§269-6 General powers and duties. (a) The public
- 12 utilities commission shall have the general supervision
- 13 hereinafter set forth over all public utilities, and shall
- 14 perform the duties and exercise the powers imposed or conferred
- 15 upon it by this chapter. Included among the general powers of
- 16 the commission is the authority to adopt rules pursuant to
- 17 chapter 91 necessary for the purposes of this chapter.



# H.B. NO. 561

1 (b) The public utilities commission shall consider the 2 need to reduce the State's reliance on fossil fuels through 3 energy efficiency and increased renewable energy generation in 4 exercising its authority and duties under this chapter. 5 making determinations of the reasonableness of the costs [of] 6 pertaining to fossil fuel sourced electricity or gas utility 7 system capital improvements and operations, the commission shall 8 explicitly consider, quantitatively or qualitatively, the effect 9 of the State's reliance on fossil fuels on: 10 (1) [price] Price volatility[7]; 11 (2) [export] Export of funds for fuel imports[7]; 12 (3) [fuel] Fuel supply reliability risk[ $\frac{1}{7}$ ]; and 13 [greenhouse] Greenhouse gas emissions. (4)14 The commission may determine that short-term costs or direct 15 costs of renewable energy generation that are higher than 16 alternatives relying more heavily on fossil fuels are 17 reasonable, considering the impacts resulting from the use of 18 fossil fuels. The public utilities commission shall determine 19 whether such analysis is necessary for proceedings involving 20 water, wastewater, or telecommunications providers on an 21 individual basis.

## H.B. NO. 561 H.D. 2 S.D. 1

1	(c) The analysis described in subsection (b) shall not be		
2	required for an electric or a gas utility's routine system		
3	replacements, such as overhauls and overhead or overground line		
4	determinations, or determinations that do not pertain to capital		
5	improvements or operations, including but not limited to		
6	financing requests.		
7	$[\frac{(c)}{(c)}]$ In exercising its authority and duties under		
8	this chapter, the public utilities commission shall consider the		
9	costs and benefits of a diverse fossil fuel portfolio and of		
10	maximizing the efficiency of all electric utility assets to		
11	lower and stabilize the cost of electricity. Nothing in this		
12	section shall subvert the obligation of electric utilities to		
13	meet the renewable portfolio standards set forth in section		
14	269-92.		
15	$[\frac{(d)}{(d)}]$ (e) The public utilities commission, in carrying out		
16	its responsibilities under this chapter, shall consider whether		
17	the implementation of one or more of the following economic		
18	incentives or cost recovery mechanisms would be in the public		
19	interest:		
20	(1) The establishment of a shared cost savings incentive		

mechanism designed to induce a public utility to

21

## H.B. NO. 561 H.D. 2 S.D. 1

T		reduce energy costs and operating costs and accelerate
2		the implementation of energy cost reduction practices;
3	(2)	The establishment of a renewable energy curtailment
4		mitigation incentive mechanism to encourage public
5		utilities to implement curtailment mitigation
6		practices when lower cost renewable energy is
7		available but not utilized through the sharing of
8		energy cost savings between the public utility,
9		ratepayer, and affected renewable energy projects;
10	(3)	The establishment of a stranded cost recovery
11		mechanism to encourage the accelerated retirement of
12		an electric utility fossil fuel electric generation
13		plant by allowing an electric utility to recover the
14		stranded costs created by early retirement of a fossil
15		generation plant; and
16	(4)	The establishment of differentiated authorized rates
17		of return on common equity to encourage increased
18		utility investments in transmission and distribution
19		infrastructure, discourage an electric utility
20		investment in fossil fuel electric generation plants

1 to incentivize grid modernization, and disincentivize 2 fossil generation, respectively. 3 [<del>(e)</del>] (f) The chairperson of the commission may appoint a 4 hearings officer, who shall not be subject to chapter 76, to 5 hear and recommend decisions in any proceeding before it other 6 than a proceeding involving the rates or any other matters 7 covered in the tariffs filed by the public utilities. 8 hearings officer shall have the power to take testimony, make 9 findings of fact and conclusions of law, and recommend a 10 decision; provided that the findings of fact, the conclusions of 11 law, and the recommended decision shall be reviewed and may be 12 approved by the commission after notice to the parties and an 13 opportunity to be heard. The hearings officer shall have all of 14 the above powers conferred upon the public utilities commission 15 under section 269-10." 16 SECTION 3. Section 269-16.1, Hawaii Revised Statutes, is 17 amended by amending subsection (b) to read as follows: 18 In developing performance incentive and penalty 19 mechanisms, the public utilities commission's review of electric 20 utility performance shall consider, but not be limited to, the 21 following:

# H.B. NO. H.D. 2 S.D. 1

T	(1)	The economic incentives and cost-recovery mechanisms
2		described in section $[269-6(d);$ $269-6(e);$
3	(2)	Volatility and affordability of electric rates and
4		customer electric bills;
5	(3)	Electric service reliability;
6	(4)	Customer engagement and satisfaction, including
7		customer options for managing electricity costs;
8	(5)	Access to utility system information, including but
9		not limited to public access to electric system
10		planning data and aggregated customer energy use data
11		and individual access to granular information about ar
12		individual customer's own energy use data;
13	(6)	Rapid integration of renewable energy sources,
14		including quality interconnection of customer-sited
15		resources; and
16	(7)	Timely execution of competitive procurement,
17		third-party interconnection, and other business
18		processes."
19	SECT	ION 4. Statutory material to be repealed is bracketed
20	and strick	ken. New statutory material is underscored.
21	SECT:	ION 5. This Act shall take effect upon its approval.

#### Report Title:

Public Utilities Commission; Utilities; Reasonableness of Costs

### Description:

Requires the public utilities commission to determine whether analysis of the effect of the State's reliance on fossil fuels is necessary for proceedings involving water, wastewater, or telecommunications providers on an individual basis. Provides that the analysis is not required for an electric or a gas utility's routine system replacements or determinations that do not pertain to capital improvements or operations. (SD1)

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