
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 on February 11,
2 2021, the public utilities commission opened docket number
3 2021-0024 to review Hawaiian Electric Company's interconnection
4 process and transition plans for retirement of fossil fuel
5 plants. On November 17, 2021, Hawaiian Electric Company stated
6 that allowing for competition and consideration of multiple
7 projects through a request for proposals process for renewable
8 firm generation will help to ensure that the best solutions are
9 chosen.

10 The legislature notes that Hawaiian Electric Company also
11 provided the following objectives of a firm request for
12 proposals:

- 13 (1) Allow only firm renewable generation technologies to
14 compete in a quick request for proposals;
15 (2) Increase competition and therefore potentially lower
16 customer prices;
17 (3) Increase the diversity of renewable energy sources;



- 1 (4) Improve reliability and resilience of the Oahu
2 generation system;
- 3 (5) Acquire firm renewable capacity to potentially retire
4 or deactivate fossil fuel generation;
- 5 (6) Add mechanical inertia and short-circuit current with
6 new synchronous generation to the system to provide
7 greater stability of the electric system and ensure
8 reliability and resilience when fossil-fuel generators
9 are taken offline; and
- 10 (7) Increase the ability to add variable generation,
11 including wind and solar, in the future if more
12 flexible firm renewable generation is procured.

13 The legislature is confident that a firm request for proposals
14 will simplify the evaluation process and allow for a more
15 straightforward comparison of projects with similar attributes
16 as opposed to projects that provide differing services and
17 levels of these services. The legislature also believes that a
18 firm renewable request for proposals is integral to the
19 retirement of fossil fuel generation. However, firm generation
20 must be capable of delivering power when needed and for as long
21 as needed. This means that the resource must not be



1 energy-limited or weather-dependent and must be a generating
2 resource.

3 The legislature also notes that on October 26, 2020, the
4 public utilities commission held a virtual joint status
5 conference for docket numbers 2015-0389 and 2017-0352. At this
6 status conference, Hawaiian Electric Company explained that the
7 company's request for proposals team had inadvertently disclosed
8 to the company's self-build team certain information for phase 2
9 of the community-based renewable energy program. Further, on
10 November 9, 2020, the public utilities commission received a
11 report from the community-based renewable energy observer
12 indicating that individuals working for Hawaiian Electric
13 Company's community-based renewable energy self-build team had
14 continued to e-mail individual members of the company's request
15 for proposals teams directly instead of routing these queries to
16 the request for proposals team's e-mail address as specified by
17 the code of conduct. The legislature recognizes that the public
18 utilities commission is also aware of multiple instances in
19 which Hawaiian Electric Company's request for proposals teams
20 had emailed to each member of the community-based renewable
21 energy self-build team a reminder to only communicate through



1 the request for proposals team's e-mail address and copy the e-
2 mails to the independent observer. The legislature acknowledges
3 that these breaches of the code of conduct are unacceptable and
4 severely undermine the integrity of both the competitive bidding
5 process for the community-based renewable energy program and all
6 requests for proposals that Hawaiian Electric Company issues or
7 is able to bid into via a self-build option or affiliate-build
8 option.

9 The legislature further finds that Hawaiian Electric
10 Company's assertion "that no breach occurred and that the
11 communications were not intended to be covered by the Code," is
12 dubious. It is essential that Hawaiian Electric Company avoid
13 the appearance of impropriety in all of the company's requests
14 for proposals, including community-based renewable energy,
15 Hawaii Electric Light Company request for proposals number 3,
16 and all future requests for proposals. The legislature also
17 believes that these breaches will hinder the State's efforts to
18 achieve a one hundred per cent renewable portfolio standard.

19 Considering the foregoing, the legislature believes that
20 Hawaiian Electric Company's repeated breaches of the code of
21 conduct, whether actual or perceived, show that Hawaiian



1 Electric Company cannot reliably participate in the company's
2 own requests for proposals. The legislature further believes
3 that because it is essential that renewable energy development
4 is achieved in a fair and impartial manner, it is inappropriate
5 for utilities to have a self-build or affiliate-build option.
6 Utilities' self-build and affiliate-build options inherently
7 cause the public to lose faith in the integrity of the
8 competitive bidding process.

9 The legislature understands that it is necessary to ensure
10 that the integrity of the competitive bidding process is
11 increased, protected, and maintained and that the public regain
12 trust in the competitive bidding process.

13 Accordingly, the purpose of this Act is to:

- 14 (1) Require the public utilities commission to have
15 electric utilities issue requests for proposals for
16 firm renewable energy generation and requests for
17 proposals for intermittent renewable energy
18 generation;
- 19 (2) Prohibit the public utilities commission from
20 approving any new or renewed utility-owned generation
21 project by a public utility or any new or renewed



1 power purchase agreement for an electricity generation
2 project that has affiliated interests with a public
3 utility; and

4 (3) Appropriate moneys for the Hawaii state energy office
5 to conduct a study of the available firm and
6 intermittent renewable energy resources available on
7 each island of the State.

8 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
9 amended by adding two new sections to part I to be appropriately
10 designated and to read as follows:

11 "§269- Requests for proposals. (a) The public
12 utilities commission shall require each electric utility to
13 issue requests for proposals for firm renewable energy
14 generation and requests for proposals for intermittent renewable
15 energy generation. Each request for proposals for intermittent
16 renewable energy generation shall include the capability of the
17 renewable energy system to be offline for a period of up to
18 ninety-six hours due to weather but still be able to deliver,
19 while offline, renewable energy in an amount equal to the
20 average kilowatt hours that was delivered in the ninety-six-hour
21 period before the system went offline. Responses to



1 intermittent renewable energy requests for proposals that do not
2 demonstrate the capability to meet or exceed this requirement
3 shall not be approved by the public utilities commission.

4 (b) The public utilities commission shall have the
5 discretion to determine what type of request for proposals best
6 meets the needs that give rise to future requests for proposals.

7 (c) As used in this section:

8 "Firm renewable energy" means renewable energy that is
9 constantly available and capable of being inexhaustibly produced
10 at its contracted capacity twenty-four hours per day, three
11 hundred sixty-five days per year, subject only to routine
12 maintenance and emergency repairs; provided that burning trees
13 and other wood products shall not be considered an acceptable
14 generation source.

15 "Intermittent renewable energy" means renewable energy that
16 does not meet the definition of "firm renewable energy";
17 provided that burning trees and other wood products shall not be
18 considered an acceptable generation source.

19 §269- Utility-owned generation projects; power purchase
20 agreements for electricity generation; prohibited. (a)



1 Notwithstanding any law to the contrary, the public utilities
2 commission shall not approve the following:

3 (1) Any new or renewed utility-owned generation project by
4 a public utility; or

5 (2) Any new or renewed power purchase agreement for
6 electricity generation with affiliated interests with
7 a public utility.

8 (b) As used in this section, "affiliated interest" has the
9 same meaning as in section 269-19.5."

10 SECTION 3. There is appropriated out of the general
11 revenues of the State of Hawaii the sum of \$100,000 or so much
12 thereof as may be necessary for fiscal year 2022-2023 for the
13 Hawaii state energy office to conduct a study of the available
14 firm and intermittent renewable energy resources available on
15 each island of the State. The Hawaii state energy office shall
16 submit a report of its findings and recommendations, including
17 any proposed legislation, to the legislature no later than
18 twenty days prior to the convening of the 2023 regular session.

19 The sum appropriated shall be expended by the Hawaii state
20 energy office for the purposes of this Act.

21 SECTION 4. New statutory material is underscored.



1 SECTION 5. This Act shall take effect on July 31, 2050.



Report Title:

PUC; Hawaii State Energy Office; Firm Renewable Requests for Proposals; Intermittent Renewable Requests for Proposals; Affiliate Prohibition; Study; Appropriation

Description:

Requires the Public Utilities Commission to have electric utilities separately issue requests for proposals for firm renewable energy generation and requests for proposals for intermittent renewable energy generation. Prohibits the Public Utilities Commission from approving any new or renewed utility-owned generation project by a public utility or any new or renewed power purchase agreement for electricity generation with affiliated interests with a public utility. Appropriates moneys to the Hawaii State Energy Office to conduct a study. Effective 7/31/2050. (SD1)

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