

JAN 26 2022

A BILL FOR AN ACT

RELATING TO RENEWABLE PORTFOLIO STANDARDS.

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

1 SECTION 1. The legislature finds that Act 97, Session Laws
2 of Hawaii 2015, amended section 269-92, Hawaii Revised Statutes,
3 to establish a one hundred per cent renewable portfolio standard
4 by December 31, 2045, with the intent to transition the State
5 away from imported fuels and toward renewable local resources
6 that provide a secure source of affordable energy.

7 The legislature further finds that Act 15, Session Laws of
8 Hawaii 2018, established a zero emissions clean economy target
9 "to sequester more atmospheric carbon and greenhouse gases than
10 emitted within the State as quickly as practicable, but no later
11 than 2045." Since the enactment of these acts, the need to
12 reduce fossil fuel emissions globally to avoid the worst impacts
13 of climate change has become increasingly urgent. In addition,
14 studies indicate that accelerating the adoption of renewable
15 energy will cost less than the course laid out by the current
16 renewable portfolio standard interim benchmarks.

1 The legislature further finds that speeding the deployment
2 of renewable energy will create thousands of jobs and position
3 Hawaii at the forefront of energy innovation and investment.

4 The legislature finds that the current calculation of the
5 renewable portfolio standard, based on electrical energy sales
6 rather than on electrical energy generation, overestimates the
7 amount of renewable energy serving Hawaii's electric utility
8 customers and does not accurately reflect Hawaii's progress
9 towards its stated energy and climate goals. There are two
10 fundamental issues that lead to the current discrepancy:

11 (1) The current renewable portfolio standard calculation
12 inflates the reported percentage of renewable energy
13 by excluding customer-sited, grid-connected energy
14 generation in the denominator, which becomes material
15 with higher levels of customer-sited, grid-connected
16 renewable energy generation; and

17 (2) The current electrical energy sales number does not
18 include energy losses that occur between the points of
19 electrical energy generation and the customer meter,
20 where sales are measured.

21 The legislature further finds that failure to address these
22 issues creates an incorrect measure of the State's progress
23 toward the stated goals. Also, the current definition allows

1 for the continued use of fossil fuel in significant amounts even
2 after reaching the target for 2045. According to the Power
3 Supply Improvement Plan prepared by Hawaiian Electric Company in
4 2016, the 100 per cent renewable portfolio standard (with the
5 current definition, based on sales) level could theoretically be
6 reached when only 79 per cent of the electricity was renewable
7 and the other 21 per cent was still fossil fuel. Changing the
8 renewable portfolio standard to be based on generation, rather
9 than sales, would ensure that the intended outcome is achieved.

10 Therefore, the purpose of this Act is to amend the
11 definition of renewable portfolio standard to more accurately
12 reflect the percentage of renewable electrical energy generated
13 in the State.

14 SECTION 2. Section 269-91, Hawaii Revised Statutes, is
15 amended by amending the definition of "renewable portfolio
16 standard" to read as follows:

17 "Renewable portfolio standard" means the percentage of
18 electrical energy [~~sales~~] generation that is represented by
19 renewable electrical energy."

20 SECTION 3. Section 269-92, Hawaii Revised Statutes, is
21 amended to read as follows:

1 "§269-92 Renewable portfolio standards. (a) Each
2 electric utility company that sells electricity for consumption
3 in the State shall establish a renewable portfolio standard of:

4 (1) Ten per cent of its net electricity sales by
5 December 31, 2010;

6 (2) Fifteen per cent of its net electricity sales by
7 December 31, 2015;

8 (3) Thirty per cent of its net electricity sales by
9 December 31, 2020;

10 (4) Forty per cent of its net electricity [~~sales~~]
11 generation by December 31, 2030;

12 (5) Seventy per cent of its net electricity [~~sales~~]
13 generation by December 31, 2040; and

14 (6) One hundred per cent of its net electricity [~~sales~~]
15 generation by December 31, 2045.

16 (b) The public utilities commission may establish
17 standards for each electric utility company that prescribe
18 [~~what~~] the portion of the renewable portfolio standards that
19 shall be met by specific types of renewable energy resources;
20 provided that:

21 (1) Prior to January 1, 2015, at least fifty per cent of
22 the renewable portfolio standards shall be met by
23 electrical energy generated using renewable energy as

1 the source, and after December 31, 2014, the entire
2 renewable portfolio standard shall be met by
3 electrical generation from renewable energy sources;

4 (2) Beginning January 1, 2015, electrical energy savings
5 shall not count toward renewable energy portfolio
6 standards;

7 (3) Where electrical energy is generated or displaced by a
8 combination of renewable and nonrenewable means, the
9 proportion attributable to the renewable means shall
10 be credited as renewable energy; and

11 (4) Where fossil and renewable fuels are co-fired in the
12 same generating unit, the unit shall be considered to
13 generate renewable electrical energy (electricity) in
14 direct proportion to the percentage of the total heat
15 input value represented by the heat input value of the
16 renewable fuels.

17 (c) If the public utilities commission determines that an
18 electric utility company failed to meet the renewable portfolio
19 standard, after a hearing in accordance with chapter 91, the
20 utility shall be subject to penalties to be established by the
21 public utilities commission; provided that if the commission
22 determines that the electric utility company is unable to meet
23 the renewable portfolio standards [~~due to~~] because of reasons

beyond the reasonable control of an electric utility, as set forth in subsection (d), the commission, in its discretion, may waive in whole or in part any otherwise applicable penalties.

(d) Events or circumstances that are ~~[outside of]~~ beyond an electric utility company's reasonable control may include, to the extent the event or circumstance could not be reasonably foreseen and ameliorated:

(1) Weather-related damage;

(2) Natural disasters;

(3) Mechanical or resource failure;

(4) Failure of renewable electrical energy producers to meet contractual obligations to the electric utility company;

(5) Labor strikes or lockouts;

(6) Actions of governmental authorities that adversely affect the generation, transmission, or distribution of renewable electrical energy under contract to an electric utility company;

(7) Inability to acquire sufficient renewable electrical energy due to lapsing of tax credits related to renewable energy development;

(8) Inability to obtain permits or land use approvals for renewable electrical energy projects;

(9) Inability to acquire sufficient cost-effective renewable electrical energy;

(10) Inability to acquire sufficient renewable electrical energy to meet the renewable portfolio standard goals beyond 2030 in a manner that is beneficial to Hawaii's economy in relation to comparable fossil fuel resources;

(11) Substantial limitations, restrictions, or prohibitions on utility renewable electrical energy projects; and

(12) Other events and circumstances of a similar nature.

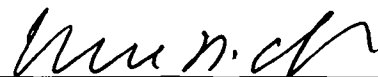
(e) Each electric utility shall track and report to the commission, on an annual basis, data and trends regarding customer retention or attrition."

SECTION 4. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun before its effective date.

SECTION 5. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 6. This Act, upon its approval, shall take effect on July 1, 2022.

INTRODUCED BY:



BY REQUEST

Report Title:

Renewable Portfolio Standards; Electricity

Description:

Amends the definition of renewable portfolio standard to be a percentage of electrical energy generation, rather than sales.

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

JUSTIFICATION SHEET

DEPARTMENT: Department of Business, Economic
Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO RENEWABLE
PORTFOLIO STANDARDS.

PURPOSE: To more accurately reflect the percentage of
renewable energy generation in Hawaii and
ensure the decreased use of fossil fuels.

MEANS: Amend sections 269-91 and 269-92, Hawaii
Revised Statutes.

JUSTIFICATION: The calculation specified in the definition
of "renewable portfolio standard" is based
on net electricity sales, rather than
generation, which is confusing and will not
reach the intended target of 100 percent
renewable generation, since the ratio
specifies electricity sales (rather than
generation) in the denominator, while
electricity generation is used in the
numerator.

Changing the definition to use "generation"
rather than "sales" in the denominator will
correct the calculation and allow the
language of the statute to be better aligned
with the intent.

The change will apply to standards
applicable in the years 2030 and thereafter.

Impact on the public: None.

Impact on the department and other agencies:
None.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: BED 120.

OTHER AFFECTED

AGENCIES:

Public Utilities Commission, Consumer
Advocate

EFFECTIVE DATE:

July 1, 2022.