

STAND. COM. REP. NO. 2847

Honolulu, Hawaii

MAR - 4 2022

RE: S.B. No. 3057
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirty-First State Legislature
Regular Session of 2022
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred S.B. No. 3057, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE PORTFOLIO STANDARDS,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Amend the definition of "renewable portfolio standard" to be a percentage of electrical energy generation, rather than sales; and
- (2) Require electric utility companies to track and annually report data and trends on customer retention and attrition to further inform the calculation of renewable portfolio standards.

Your Committee received testimony in support of this measure from the Hawai'i State Energy Office; Department of Commerce and Consumer Affairs; Department of Business, Economic Development, and Tourism; Public Utilities Commission; Climate Protectors Hawai'i; Ulupono Initiative; Recycle Hawai'i and Clean the Pacific; Kauai Climate Action Coalition; Hawai'i Clean Power Alliance; Kauai Women's Caucus; 350 Hawai'i; and eight individuals. Your Committee received testimony in opposition to this measure from Hawaiian Electric Company.



Your Committee finds that existing law contains a "loophole" that could allow the State to technically achieve one hundred percent renewable portfolio standards, but still have a significant contribution from fossil-fueled generation sources, due to the definition of "renewable portfolio standard", which is based on sales rather than generation. At the time the existing law was enacted, the formula used to calculate the renewable energy percentage did not accurately capture the amount of renewable energy on the system and allows for greater use of fossil fuels than intended. Accordingly, this measure amends the calculation to be consistent with public's understanding and addresses the increasing concerns over continued reliance on imported fossil fuels.

Your Committee notes the concerns raised in testimony that this measure may penalize an electric utility company whose customers choose to generate their own electricity through fossil fuels, as customer-sited fossil fuel generation would count towards total generation, thus making it impossible for certain electric utility companies to achieve one hundred percent renewable portfolio standards in this circumstance or other events beyond an electric utility company's control. Accordingly, amendments to this measure are necessary to address these concerns.

Your Committee has amended this measure by:

- (1) Amending the definition of "renewable portfolio standard" to exclude customer-sited, grid connected generation that does not produce renewable energy;
- (2) Clarifying events or circumstances that are beyond an electric utility company's reasonable control to include non-renewable energy generated by electric generation facilities where the electric utility otherwise does not have direct control or ownership of independent power producers, government and non-government agencies, and any persons or entities, including merchant or co-generation facilities;
- (3) Inserting language to require electric utility companies to make every reasonable effort to ensure that

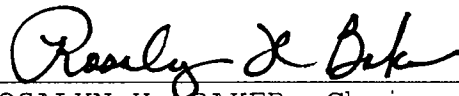


independent producers connected to the grid are converting to renewable resources by July 1, 2027, including but not limited to providing not more than five-year contracts for the producers to connect to the grid; provided that, if a producer cannot or will not convert to renewable resources, the electric utility company shall not renew its contract with the producer;

- (4) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Commerce and Consumer Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3057, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3057, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Commerce and
Consumer Protection,



ROSALYN H. BAKER, Chair



