

JAN 24 2024

A BILL FOR AN ACT

RELATING TO ENERGY.

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

1 SECTION 1. Section 196-71, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "[+]§196-71[+] **Hawaii state energy office; established.**

4 (a) There is established within the department of business,
5 economic development, and tourism the Hawaii state energy
6 office[, which shall be a public body politic and an
7 instrumentality and agency of the State. The office shall be
8 placed within the department of business, economic development,
9 and tourism for administrative purposes, pursuant to section
10 26-35]. The purpose of the Hawaii state energy office shall be
11 to promote energy efficiency, renewable energy, and clean
12 transportation to help achieve a resilient and affordable clean
13 energy economy.

14 (b) The Hawaii state energy office shall:

15 (1) [Provide] Perform analysis and [~~planning~~] research to
16 actively develop plans and inform policies to achieve
17 energy efficiency, renewable energy, energy



1 resiliency, grid reliability, and clean transportation
 2 goals that are established by statute or rule. The
 3 office shall perform its work in collaboration with
 4 the legislature[7]; public utilities commission[7];
 5 other divisions within the department of business,
 6 economic development, and tourism; state agencies[7];
 7 and other relevant stakeholders;

8 (2) Lead efforts to incorporate energy efficiency,
 9 renewable energy, energy resiliency, and clean
 10 transportation to reduce costs or lead by
 11 demonstration, and achieve clean energy goals across
 12 all public facilities;

13 ~~[(3) Provide renewable energy, energy efficiency, energy~~
 14 ~~resiliency, and clean transportation project~~
 15 ~~deployment facilitation to assist private sector~~
 16 ~~project completion when aligned with state energy~~
 17 ~~goals; and]~~

18 (3) Assist private sector projects in renewable energy,
 19 energy efficiency, energy resiliency, and clean
 20 transportation that are aligned with statutorily
 21 mandated state energy goals, ensuring completion of



1 those projects expeditiously and in compliance with
2 guaranteed commercial operations dates;

3 (4) Engage the private sector to help lead efforts to
4 achieve renewable energy and clean transportation
5 goals through the Hawaii clean energy initiative[-]
6 program pursuant to section 196-10.5; and

7 (5) Lease lands, grant licenses, and grant easements to
8 private renewable energy producers or producers of
9 renewable fuels, renewable gas, hydrogen fuels,
10 hydrogen, or fuel cells; provided that any lease,
11 license, or easement shall be made through a request
12 for proposals or direct negotiation.

13 (c) The Hawaii state energy office may:

14 (1) Establish offtake agreements with private or utility
15 buyers of renewable energy or renewable fuels,
16 renewable gas, hydrogen, or fuel cells;

17 (2) Facilitate offtake agreements between producers and
18 buyers of renewable energy or renewable fuels,
19 renewable gas, hydrogen, or fuel cells; and



1 (3) Work through the public utilities commission to
2 establish rules for purposes of paragraphs (1) and
3 (2), as applicable.

4 [~~e~~] (d) The Hawaii state energy office shall be the
5 State's primary government entity for [~~supporting~~]
6 implementation of the clean energy initiative[-] program under
7 section 196-10.5.

8 [~~d~~] (e) No later than twenty days prior to the convening
9 of each regular session, the Hawaii state energy office shall
10 submit a report to the legislature that includes:

11 (1) A description of the activities of the Hawaii state
12 energy office in response to the directives
13 established pursuant to subsection (b) and section
14 196-72(d), along with progress in meeting [~~any~~] all of
15 the [~~Hawaii~~] statutorily established state energy
16 [~~office~~] goals [~~established in or pursuant to this~~
17 ~~part~~];

18 (2) Progress by the State in meeting its statutorily
19 mandated energy efficiency, renewable energy, and
20 clean transportation goals; [~~and~~]



- 1 (3) An annual updated energy plan to achieve those goals;
- 2 and
- 3 [~~3~~] (4) Proposed legislation~~[7]~~ to meet those goals, if
- 4 any."

5 SECTION 2. Section 196-72, Hawaii Revised Statutes, is
 6 amended to read as follows:

7 "~~[+]§196-72[+]~~ **Chief energy** ~~[officer]~~ administrator of the
 8 **Hawaii state energy office; duties.** (a) The Hawaii state
 9 energy office shall be led by the chief energy ~~[officer, who~~
 10 ~~shall be nominated and, by and with the advice and consent of~~
 11 ~~the senate, appointed by the governor; provided that the term of~~
 12 ~~the chief energy officer shall be coterminous with the term of~~
 13 ~~the governor.]~~ administrator who shall be appointed by the
 14 director of business, economic development, and tourism.

15 (b) The chief energy ~~[officer]~~ administrator shall have:

- 16 (1) Experience, knowledge, and expertise in policy,
- 17 programs, or services related to energy efficiency,
- 18 renewable energy, clean transportation, ~~[and]~~ energy
- 19 resiliency, and grid reliability related activities
- 20 and development; and



1 (2) Experience in a supervisory or administrative
2 capacity.

3 (c) The chief energy [~~officer~~] administrator shall hire
4 staff necessary to carry out the purposes of this part. The
5 chief energy [~~officer~~] administrator and employees of the Hawaii
6 state energy office shall be exempt from chapter 76 and shall
7 not be considered civil service employees but shall be entitled
8 to any employee benefit plan normally inuring to civil service
9 employees.

10 (d) [~~Subject to the approval of the governor, the~~] The
11 chief energy [~~officer~~] administrator and the Hawaii state energy
12 office shall:

13 (1) Formulate, analyze, recommend, and implement specific
14 policies, strategies, and plans, in coordination with
15 public and private sector stakeholders, to cost-
16 effectively and equitably achieve the [~~State's~~]
17 statutorily established state energy goals;

18 (2) Identify, track, and report key performance measures
19 and milestones related to the State's energy [~~and~~
20 ~~decarbonization~~] goals;



- 1 (3) Provide technical assistance to state and county
2 agencies and the private sector to assess and
3 implement projects and programs related to energy
4 conservation and efficiency, renewable energy, clean
5 transportation, energy resiliency, and related
6 measures;

- 7 (4) Coordinate the State's energy programs with those of
8 the federal government[, ~~other territory and state~~
9 ~~governments, the political subdivisions of the State,~~
10 ~~departments of the State, and governments of nations~~
11 ~~with interest in common energy resources~~];

- 12 (5) Identify market gaps and innovation opportunities,
13 collaborate with stakeholders, and facilitate
14 public-private partnerships to develop projects,
15 programs, and tools to encourage private and public
16 exploration, research, and development of energy
17 resources, [~~distributed energy resources,~~] and data
18 analytics that will support the State's energy [~~and~~
19 ~~decarbonization~~] goals;

- 20 (6) Create and review proposed state actions that may have
21 a significant effect on the State's energy [~~and~~

1 ~~decarbonization]~~ goals, report to the [~~governor their~~
2 ~~effect on the energy program,~~] legislature the effects
3 of those actions, recommend further actions to
4 increase the benefit or mitigate the effects of those
5 actions, and perform other services as may be
6 required;

- 7 (7) Evaluate, recommend, and participate in the
8 development of incentives and programs that encourage
9 the development of energy efficiency, renewable
10 energy, energy resiliency, [~~distributed energy~~
11 ~~resources,~~] and clean transportation resources;
- 12 (8) Assess and evaluate the effectiveness and continued
13 necessity of existing energy related incentives, tax
14 credits, and programs, and provide recommendations and
15 proposed changes;
- 16 (9) Develop and maintain a comprehensive and systematic
17 quantitative and qualitative capacity to analyze the
18 status of energy resources, systems, and markets, both
19 in-state and in other states and countries,
20 particularly in relation to the State's economy, and
21 to recommend, develop proposals for, and assess the



1 effectiveness of policy and regulatory decisions, and
2 energy emergency planning;

3 (10) Develop and recommend programs for, and assist public
4 agencies in the implementation of, energy assurance
5 and energy resilience;

6 (11) Support the development, evaluation, revision, and
7 adoption of energy-related codes and standards, land
8 use, leasing of land practices, and permitting
9 statutes and ordinances that advance the State's
10 energy goals;

11 (12) Act as the State's energy data clearinghouse by
12 identifying, collecting, compiling, analyzing,
13 publishing, and where possible, monetizing energy and
14 clean transportation data and analyses;

15 (13) Advocate for the State's energy and decarbonization
16 goals at relevant venues and departments, including
17 but not limited to the public utilities commission,
18 legislature, and division of consumer advocacy, to
19 ensure that state energy policies and regulations
20 align with the state strategic goals and are
21 data-driven;



1 (14) Support economic development, jobs, and innovation
2 initiatives related to and resulting from the State's
3 renewable energy [~~and distributed energy resources~~]
4 experience, capabilities, and data analyses;

5 (15) Facilitate the efficient, expedited [~~permitting of~~]
6 completion of private-sector energy efficiency,
7 renewable energy, clean transportation, and energy
8 resiliency projects by:

9 (A) Coordinating and aligning state and county
10 departments and agencies to support, expedite,
11 and remove barriers to deployment of energy
12 initiatives and projects; [~~and~~]

13 (B) Identify [~~and~~], evaluate, coordinate, eliminate,
14 or resolve conflicting or onerous policies,
15 processes, and rules that unreasonably impede
16 project development and deployment and propose
17 regulatory, legislative, administrative,
18 processes, or other solutions to applicable
19 stakeholders;

20 (C) Facilitate the resolution of conflicts between
21 state and county agencies, including engagement



- 1 with other divisions and the director of
2 business, economic development, and tourism; and
3 (D) Facilitate and expedite approvals and reviews for
4 permits, including permits for land leases or to
5 satisfy environmental or archeological
6 requirements;
- 7 (16) Identify and recommend policies to align utility
8 company goals and models with [~~those of ratepayers,~~
9 ~~including evaluating utility models that best support]~~
10 state energy plans and goals;
- 11 (17) Develop a state energy plan that includes:
- 12 (A) Annual state and division goals for achievement
13 of state energy policies;
- 14 (B) Strategies and actions for the one-, five-, ten-,
15 and fifteen-year forecasts for the state annual
16 achievement of state energy policy goals;
- 17 (C) Strategies, tasks, and actions taken by the
18 divisions for one-, five-, ten-, and fifteen-year
19 forecasts for the state annual achievement of
20 state energy policy goals;



- 1 (D) Annual reporting of the achievements made by the
- 2 state and divisions, branches, and sections;
- 3 (E) Tasks taken in efforts to achieve state energy
- 4 policy goals;
- 5 (F) Evaluation of causes, effects, improvements, and
- 6 future actions necessary to compensate for the
- 7 changes;
- 8 (G) Identification of barriers to achievement of
- 9 state energy policy goals;
- 10 (H) Identification of policies needed to achieve
- 11 state energy policy goals;
- 12 (I) Status of land acquisition and leasing for
- 13 renewable energy projects and fuels;
- 14 (J) Reporting of how the divisions, branches, and
- 15 sections have specifically achieved or not
- 16 achieved goals and strategies; and
- 17 (K) Actions to assist the public and private sectors
- 18 with projects toward the achievement of the state
- 19 energy policy goals.
- 20 The State energy plan shall be completed by
- 21 December 31, 2024, and updated annually. The state



1 energy plan shall be submitted to the legislature and
2 be publicly available on the Hawaii state energy
3 office's website;

4 ~~[(17)]~~ (18) Prepare and submit an annual report on the
5 achievements of the division to their duties and
6 energy plan and other reports as may be requested ~~[to]~~
7 by the governor ~~[and to]~~ or the legislature ~~[on the~~
8 ~~implementation of this part,]~~. All reports by the
9 Hawaii state energy office shall be publicly available
10 on the Hawaii state energy office's website;

11 ~~[(18)]~~ (19) Contract for services in accordance with state
12 procurement laws and rules when required for the
13 implementation of this part; and

14 ~~[(19)]~~ (20) Adopt rules, pursuant to chapter 91, for the
15 administration of this part."

16 SECTION 3. Sections 125C-22, 125C-23, 125C-31, 141-9,
17 196-5, 196-6.5, 196-11, 196-30, 196-63, 196-81, 196-83, 206M-23,
18 235-110.32, 286-5; 286-172, 304A-1891, 304A-1892, and
19 304A-1894.1, Hawaii Revised Statutes, are amended by
20 substituting the term "chief energy administrator" wherever the
21 term "chief energy officer" appears, as the context requires.



1 SECTION 4. All rights, powers, functions, and duties of
2 the state energy office are transferred to the department of
3 business, economic development, and tourism.

4 All employees who occupy civil service positions and whose
5 functions are transferred to the department of business,
6 economic development, and tourism by this Act shall retain their
7 civil service status, whether permanent or temporary. Employees
8 shall be transferred without loss of salary, seniority (except
9 as prescribed by applicable collective bargaining agreements),
10 retention points, prior service credit, any vacation and sick
11 leave credits previously earned, and other rights, benefits, and
12 privileges, in accordance with state personnel laws and this
13 Act; provided that the employees possess the minimum
14 qualifications and public employment requirements for the class
15 or position to which transferred or appointed, as applicable;
16 provided further that subsequent changes in status may be made
17 pursuant to applicable civil service and compensation laws.

18 Any employee who, prior to this Act, is exempt from civil
19 service and is transferred as a consequence of this Act may
20 retain the employee's exempt status, but shall not be appointed
21 to a civil service position as a consequence of this Act. An



1 exempt employee who is transferred by this Act shall not suffer
2 any loss of prior service credit, vacation or sick leave credits
3 previously earned, or other employee benefits or privileges as a
4 consequence of this Act; provided that the employees possess
5 legal and public employment requirements for the position to
6 which transferred or appointed, as applicable; provided further
7 that subsequent changes in status may be made pursuant to
8 applicable employment and compensation laws. The director of
9 business, economic development, and tourism may prescribe the
10 duties and qualifications of these employees and fix their
11 salaries without regard to chapter 76, Hawaii Revised Statutes.

12 SECTION 5. All appropriations, records, equipment,
13 machines, files, supplies, contracts, books, papers, documents,
14 maps, and other personal property heretofore made, used,
15 acquired, or held by the state energy office relating to the
16 functions transferred to the department of business, economic
17 development, and tourism shall be transferred with the functions
18 to which they relate.

19 SECTION 6. All rules, policies, procedures, guidelines,
20 and other material adopted or developed by the state energy
21 office to implement provisions of the Hawaii Revised Statutes



1 that are reenacted or made applicable to the department of
2 business, economic development, and tourism by this Act shall
3 remain in full force and effect until amended or repealed by the
4 department of business, economic development, and tourism
5 pursuant to chapter 91, Hawaii Revised Statutes. In the
6 interim, every reference to the state energy office in those
7 rules, policies, procedures, guidelines, and other material is
8 amended to refer to the department of business economic
9 development, and tourism.

10 SECTION 7. In accordance with section 9 of article VII, of
11 the Constitution of the State of Hawaii and sections 37-91 and
12 37-93, Hawaii Revised Statutes, the legislature has determined
13 that the appropriation contained in this Act will cause the
14 state general fund expenditure ceiling for fiscal year 2024-2025
15 to be exceeded by \$, or per cent. The reasons
16 for exceeding the general fund expenditure ceiling are that the
17 appropriation made in this Act is necessary to serve the public
18 interest and to meet the needs provided for by this Act.

19 SECTION 8. There is appropriated out of the general
20 revenues of the State of Hawaii the sum of \$12,105,644 or so



1 much thereof as may be necessary for fiscal year 2024-2025 for
2 the Hawaii state energy office.

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

5 SECTION 9. Statutory material to be repealed is bracketed
6 and stricken. New statutory material is underscored.

7 SECTION 10. This Act shall take effect on July 1, 2024.

8

INTRODUCED BY:

Danburied



S.B. NO. 3282

Report Title:

HSEO; DBEDT; Board; General Fund Expenditure Ceiling Exceeded

Description:

Makes the Hawaii State Energy Office a division of the Department of Business, Economic Development, and Tourism. Renames the Chief Energy Officer as the Chief Energy Administrator. Requires the Hawaii State Energy Office to establish a State Energy Plan. Appropriates moneys. Declares that the appropriation exceeds the state general fund expenditure ceiling for 2024-2025.

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