
A BILL FOR AN ACT

RELATING TO CLIMATE MITIGATION.

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

1 SECTION 1. The legislature finds that in order for the
2 State to make comprehensive and cost-effective assessments of
3 investments in durable infrastructure projects, the cost of the
4 greenhouse gas emissions associated with that infrastructure
5 over the span of its expected useful life should be considered.
6 A value assigned to the cost of greenhouse emissions is
7 sometimes called an implicit carbon price, or "the social cost
8 of carbon". While an explicit carbon price might be a tax or a
9 fee levied directly on emissions, an implicit carbon price
10 instead assigns a monetary value to greenhouse gas emissions.
11 This cost can then be factored into decisions as a way to
12 account for the impacts of increased emissions over time and the
13 risks and costs associated with those, as well as the benefits
14 of avoiding emissions.

15 The legislature further finds that the adoption of an
16 implicit carbon price will help to guide decisions made about
17 infrastructure projects so that they align with the transition



1 to a low-carbon economy and with the State's climate policy.
2 Hawaii has statutory goals to reduce emissions by fifty per cent
3 from 2005 levels by 2030 and to have a carbon-negative economy
4 by 2045. Incorporating consideration of emissions in decision-
5 making today will facilitate achieving these goals and lead to
6 more cost-effective outcomes for the State over the long term.

7 The legislature also finds that the public utilities
8 commission should develop estimates for a social cost of carbon
9 and that regulated electric and gas utilities should be required
10 to use these estimates in their integrated resource planning
11 processes to account for the social cost of carbon emissions.
12 Hawaii's renewable portfolio standards have charted a course to
13 reach one hundred per cent renewable energy generation by 2045.
14 However, the renewable portfolio standards do not account for
15 the varying levels of emissions associated with different types
16 of resources that are included in the State's definition of
17 renewable energy. Adopting an implicit carbon price would
18 ensure that the State's transition to renewable energy includes
19 consideration of emissions and of Hawaii's decarbonization goals
20 under section 225P-5, Hawaii Revised Statutes.

21 Accordingly, the purpose of this Act is to require:



- 1 (1) The public utilities commission to develop an
- 2 estimated social cost of carbon;
- 3 (2) Each regulated electric and gas utility to use the
- 4 estimated social cost of carbon in that utility's
- 5 respective integrated resource planning process; and
- 6 (3) The State to consider the estimated social cost of
- 7 carbon in planning new infrastructure and capital
- 8 improvement projects and when designing and
- 9 constructing new buildings.

10 SECTION 2. Chapter 225P, Hawaii Revised Statutes, is
11 amended by adding a new section to be appropriately designated
12 and to read as follows:

13 "§225P- Social cost of carbon; new infrastructure;
14 capital improvement projects; requirements. (a) The State
15 shall consider the estimated social cost of carbon established
16 under section 269- in planning new infrastructure and capital
17 improvement projects.

18 (b) As used in this section, "social cost of carbon" has
19 the same meaning as in section 269-1."



1 SECTION 3. Chapter 269, Hawaii Revised Statutes, is
2 amended by adding a new section to part I to be appropriately
3 designated and to read as follows:

4 **"§269- Social cost of carbon; estimate; requirements.**

5 (a) The public utilities commission shall establish an
6 estimated social cost of carbon.

7 (b) Each electric or gas utility that is regulated by the
8 public utilities commission under this chapter shall use the
9 estimated social cost of carbon established under subsection (a)
10 in the utility's respective integrated resource planning
11 process.

12 (c) The public utilities commission may use the estimated
13 social cost of carbon established under subsection (a) in
14 assessing penalties for delays in integrating renewable energy
15 projects and programs that lower carbon emissions."

16 SECTION 4. Section 107-27, Hawaii Revised Statutes, is
17 amended to read as follows:

18 **"§107-27 Design and construction of state buildings. (a)**

19 No later than one year after the adoption of codes or standards
20 pursuant to section 107-24(c), the design of all state building
21 construction shall [~~be in compliance~~] comply with the Hawaii



1 state building codes, except state building construction shall
2 be allowed to be exempted from:

3 (1) County codes that have not adopted the Hawaii state
4 building codes;

5 (2) Any county code amendments that are inconsistent with
6 the minimum performance objectives of the Hawaii state
7 building codes or the objectives enumerated in this
8 part; or

9 (3) Any county code amendments that are contrary to code
10 amendments adopted by another county.

11 (b) Exemptions shall include county ordinances allowing
12 the exercise of indigenous Hawaiian architecture adopted in
13 accordance with section 46-1.55.

14 (c) The State shall consider [~~hurricane-resistant~~]
15 hurricane-resistant criteria when designing and constructing new
16 public schools for the capability of providing shelter refuge.

17 (d) The State shall consider the estimated social cost of
18 carbon established under section 269- when designing and
19 constructing new buildings.

20 (e) As used in this section, "social cost of carbon" has
21 the same meaning as in section 269-1."



1 SECTION 5. Section 269-1, Hawaii Revised Statutes, is
2 amended by adding a new definition to be appropriately inserted
3 and to read as follows:

4 "Social cost of carbon" means an estimate of the economic
5 costs and damages created by each ton of carbon dioxide
6 emissions."

7 SECTION 6. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 7. This Act shall take effect upon its approval.

10

INTRODUCED BY: Maria E. Lowen

JAN 18 2023



H.B. NO. 191

Report Title:

Public Utilities Commission; Utilities; Social Cost of Carbon

Description:

Requires the public utilities commission to establish an estimated social cost of carbon; each regulated electric and gas utility to use the estimated social cost of carbon in the utility's respective integrated resource planning process; and the State to consider the estimated social cost of carbon in planning new infrastructure and capital improvement projects and when designing and constructing new buildings.

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