

JAN 24 2024

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 Hawaii is an
2 isolated island chain that is uniquely vulnerable to climate
3 change. As evidenced by the August 8, 2023, wildfires that
4 devastated Lāhainā and impacted areas of West Maui and other
5 communities, climate disasters increasingly threaten the State's
6 wellbeing.

7 Act 109, Session Laws of Hawaii 2011, amended section 269-
8 6, Hawaii Revised Statutes, to require the public utilities
9 commission to explicitly consider the effect of the State's
10 reliance on fossil fuels in various areas, including greenhouse
11 gas emissions, in its determinations of the reasonableness of
12 various costs. When Act 109 was being considered, the members
13 of the committee on energy and environmental protection found
14 that "Hawaii is dangerously reliant on imported fossil fuel,
15 which subjects the State and residents to greater oil and gas
16 price volatility, increased air pollution, and potentially
17 harmful climate change due to the release of harmful greenhouse
18 gases." The committee also found that requiring the commission

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1 to factor in the hidden and long-term costs of the State's
2 detrimental reliance on fossil fuels when exercising its
3 statutory authority would assist in reducing the State's
4 reliance on fossil fuels.

5 The purpose of this act is to clarify that the public
6 utilities commission may determine that analysis of the effect
7 of the State's reliance on fossil fuels on greenhouse gas
8 emissions is not necessary under certain circumstances when
9 generation-based emissions for a project are zero.

10 SECTION 2. Section 269-6, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "§269-6 **General powers and duties.** (a) The public
13 utilities commission shall have the general supervision
14 hereinafter set forth over all public utilities, and shall
15 perform the duties and exercise the powers imposed or conferred
16 upon it by this chapter. Included among the general powers of
17 the public utilities commission is the authority to adopt rules
18 pursuant to chapter 91 necessary for the purposes of this
19 chapter.

20 (b) The public utilities commission shall consider the
21 need to reduce the State's reliance on fossil fuels through
22 energy efficiency and increased renewable energy generation in

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1 exercising its authority and duties under this chapter. In
2 making determinations of the reasonableness of the costs
3 pertaining to electric or gas utility system capital
4 improvements and operations, the public utilities commission
5 shall explicitly consider, quantitatively or qualitatively, the
6 effect of the State's reliance on fossil fuels on:

- 7 (1) Price volatility;
- 8 (2) Export of funds for fuel imports;
- 9 (3) Fuel supply reliability risk; and
- 10 (4) [~~Greenhouse~~]Generation-based greenhouse gas
11 emissions[-]; provided that the public utilities
12 commission may require a greenhouse gas emissions
13 analysis for energy projects that do not result in
14 generation-based greenhouse gas emissions.

15 The public utilities commission may determine that short-term
16 costs or direct costs of renewable energy generation that are
17 higher than alternatives relying more heavily on fossil fuels
18 are reasonable, considering the impacts resulting from the use
19 of fossil fuels. The public utilities commission shall
20 determine whether such analysis is necessary for proceedings
21 involving water, wastewater, or telecommunications providers on
22 an individual basis.

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1 (c) The analysis described in subsection (b) shall not be
2 required for a utility's routine system replacements, such as
3 overhauls and overhead or underground line determinations, or
4 determinations that do not pertain to capital improvements or
5 operations, including but not limited to financing requests.

6 (d) In exercising its authority and duties under this
7 chapter, the public utilities commission shall consider the
8 costs and benefits of a diverse [~~fossil-fuel~~] portfolio of
9 energy resources and of maximizing the efficiency of all
10 electric utility assets to lower and stabilize the cost of
11 electricity. Nothing in this section shall subvert the
12 obligation of electric utilities to meet the renewable portfolio
13 standards set forth in section 269-92.

14 (e) The public utilities commission, in carrying out its
15 responsibilities under this chapter, shall consider whether the
16 implementation of one or more of the following economic
17 incentives or cost recovery mechanisms would be in the public
18 interest:

19 (1) The establishment of a shared cost savings incentive
20 mechanism designed to induce a public utility to
21 reduce energy costs and operating costs and accelerate
22 the implementation of energy cost reduction practices;

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- 1 (2) The establishment of a renewable energy curtailment
2 mitigation incentive mechanism to encourage public
3 utilities to implement curtailment mitigation
4 practices when lower cost renewable energy is
5 available but not utilized through the sharing of
6 energy cost savings between the public utility,
7 ratepayer, and affected renewable energy projects;
- 8 (3) The establishment of a stranded cost recovery
9 mechanism to encourage the accelerated retirement of
10 an electric utility fossil fuel electric generation
11 plant by allowing an electric utility to recover the
12 stranded costs created by early retirement of a fossil
13 generation plant; and
- 14 (4) The establishment of differentiated authorized rates
15 of return on common equity to encourage increased
16 utility investments in transmission and distribution
17 infrastructure, discourage an electric utility
18 investment in fossil fuel electric generation plants
19 to incentivize grid modernization, and disincentivize
20 fossil generation, respectively.
- 21 (f) The chairperson of the public utilities commission may
22 appoint a hearings officer, who shall not be subject to chapter

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1 76, to hear and recommend decisions in any proceeding before it
2 other than a proceeding involving the rates or any other matters
3 covered in the tariffs filed by the public utilities. The
4 hearings officer shall have the power to take testimony, make
5 findings of fact and conclusions of law, and recommend a
6 decision; provided that the findings of fact, the conclusions of
7 law, and the recommended decision shall be reviewed and may be
8 approved by the public utilities commission after notice to the
9 parties and an opportunity to be heard. The hearings officer
10 shall have all of the above powers conferred upon the public
11 utilities commission under section 269-10."

12 SECTION 3. Statutory material to be repealed is bracketed
13 and stricken. New statutory material is underscored.

14 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY: Wm H. G. [Signature]

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BY REQUEST

S.B. NO. 2019

Report Title:

PUC; Renewable Energy; Greenhouse Gas Emissions

Description:

Amends section 269-6, Hawaii Revised Statutes, to clarify that the Public Utilities Commission shall consider the effect of the State's reliance on fossil fuels on generation-based greenhouse gas emissions and may require a greenhouse gas emissions analysis for energy projects that do not result in generation-based greenhouse gas emissions.

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: Commerce and Consumer Affairs

TITLE: A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY.

PURPOSE: To clarify that the Public Utilities Commission (Commission) shall consider the effect of the State's reliance on fossil fuels on generation-based greenhouse gas emissions and may require an analysis of greenhouse gas emissions for energy projects that do not result in generation-based greenhouse gas emissions.

MEANS: Amend section 269-6, Hawaii Revised Statutes (HRS).

JUSTIFICATION: Currently, section 269-6, HRS, requires the Commission to consider the effect of the State's reliance on fossil fuels on all energy projects, including renewable projects that do not result in generation-based greenhouse gas emissions. This required analysis is time-consuming and can be costly, and those costs are usually passed on to the ratepayer.

This bill will make it unnecessary for the Commission to make that analysis for energy projects that do not result in generation-based greenhouse gas emissions. It allows the Commission to still require it for those projects.

Impact on the public: The general public would benefit by not being burdened with costs and time associated with those greenhouse gas emissions analyses that are not necessary.

Impact on the department and other agencies: This bill will save the Commission time when reviewing renewable projects that do not result in generation-based greenhouse gas emissions.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: CCA901.

OTHER AFFECTED
AGENCIES: None.

EFFECTIVE DATE: Upon approval.