

Honolulu, Hawaii

APR 02 2024

RE: H.B. No. 2390
H.D. 2
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2024
State of Hawaii

Sir:

Your Committee on Commerce and Consumer Protection, to which was referred H.B. No. 2390, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require the Public Utilities Commission (PUC) to explicitly consider the effect of the State's reliance on fossil fuels on lifecycle greenhouse gas emissions when making determinations of the reasonableness of costs pertaining to electric or gas utility system capital improvements and operations;
- (2) Allow the PUC to require a lifecycle greenhouse gas emissions assessment for energy projects that do not involve the combustion of fuel; and
- (3) Clarify that the PUC shall consider, in part, the costs and benefits of a diverse portfolio of energy resources, rather than a diverse portfolio of fossil fuels to lower and stabilize the cost of electricity.

Your Committee received testimony in support of this measure from the Division of Consumer Advocacy of the Department of



Commerce and Consumer Affairs, Public Utilities Commission, Hawai'i Climate Change Mitigation and Adaptation Commission, Hawaiian Electric, and one individual.

Your Committee finds that existing law requires the PUC to explicitly consider the effect of the State's reliance on fossil fuels on, among other things, greenhouse gas emissions, in determining the reasonableness of the costs pertaining to electric or gas utility system capital improvements and operations seeking PUC approval. By requiring the PUC to consider the greenhouse gas emissions over the course of a project's lifecycle, this measure will provide a more accurate representation of the project's costs and environmental impacts, thus facilitating a more informed decision-making by the PUC and protection of the public interest.

Your Committee notes concerns raised in testimony that although this measure is intended to enable the PUC to exercise discretion on whether to require a lifecycle greenhouse gas emissions assessment for non-combusting electrical energy generation projects, such as wind and solar projects that often have minimal net lifecycle greenhouse gas emissions, the measure, in its current form, may have an unintended consequence of creating a potential loophole for gas utility projects to argue that a greenhouse gas emissions assessment should be discretionary for them because the project will not involve combustion on its side of the meter, and therefore, the customers would be the entities combusting the fuel. Therefore, there is a need to amend this measure to clarify that gas utility projects will continue to be subject to the mandatory greenhouse gas emission assessment requirement.

Accordingly, your Committee has amended this measure by:

- (1) Inserting language expanding the definition of "lifecycle greenhouse gas emissions assessment" to mean the evaluation of potential greenhouse gas emissions over the course of a product, program, or project's lifetime or stages of production, construction, operations, and decommissioning, including operation stages such as the use of any fuels or feedstocks and the production of any materials;



- (2) Clarifying that the PUC may waive the requirement for a lifecycle greenhouse gas emissions assessment for energy projects that do not involve combustion;
- (3) Amending section 1 to reflect its amended purpose; and
- (4) 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 H.B. No. 2390, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2390, H.D. 2, S.D. 1.

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



BARRETT KEOHOKALO, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* HB 2390 HD 2	Committee Referral: AEN, CPN	Date: 3/27/24
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The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.	✓			
RICHARDS, III, Herbert M. "Tim"				✓
AWA, Brenton			✓	
TOTAL	3		1	1 CM

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature:
Carol Fukunaga

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*Only one measure per Record of Votes *