

ACT 82

H.B. NO. 561

A Bill for an Act Relating to Energy.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. Section 269-6, Hawaii Revised Statutes, is amended to read as follows:

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

(b) The public utilities commission shall consider the need to reduce the State’s reliance on fossil fuels through energy efficiency and increased renewable energy generation in exercising its authority and duties under this chapter. In making determinations of the reasonableness of the costs [of] pertaining to electric or gas utility system capital improvements and operations, the commission

shall explicitly consider, quantitatively or qualitatively, the effect of the State's reliance on fossil fuels on ~~[price]~~;

- (1) ~~Price volatility[, export]~~;
- (2) ~~Export~~ of funds for fuel imports~~[, fuel]~~;
- (3) ~~Fuel~~ supply reliability risk~~[, and greenhouse]~~; and
- (4) ~~Greenhouse~~ gas emissions.

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

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

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

~~[(d)]~~ (e) The public utilities commission, in carrying out its responsibilities under this chapter, shall consider whether the implementation of one or more of the following economic incentives or cost recovery mechanisms would be in the public interest:

- (1) The establishment of a shared cost savings incentive mechanism designed to induce a public utility to reduce energy costs and operating costs and accelerate the implementation of energy cost reduction practices;
- (2) The establishment of a renewable energy curtailment mitigation incentive mechanism to encourage public utilities to implement curtailment mitigation practices when lower cost renewable energy is available but not utilized through the sharing of energy cost savings between the public utility, ratepayer, and affected renewable energy projects;
- (3) The establishment of a stranded cost recovery mechanism to encourage the accelerated retirement of an electric utility fossil fuel electric generation plant by allowing an electric utility to recover the stranded costs created by early retirement of a fossil generation plant; and
- (4) The establishment of differentiated authorized rates of return on common equity to encourage increased utility investments in transmission and distribution infrastructure, discourage an electric utility investment in fossil fuel electric generation plants to incentivize grid modernization, and disincentivize fossil generation, respectively.

~~[(e)]~~ (f) The chairperson of the commission may appoint a hearings officer, who shall not be subject to chapter 76, to hear and recommend decisions in any proceeding before it other than a proceeding involving the rates or any other matters covered in the tariffs filed by the public utilities. The hearings officer shall have the power to take testimony, make findings of fact and conclusions of law, and recommend a decision; provided that the findings of fact, the conclusions of law, and the recommended decision shall be reviewed and may be approved by the commission after notice to the parties and an opportunity to be

heard. The hearings officer shall have all of the above powers conferred upon the public utilities commission under section 269-10.”

SECTION 2. Section 269-16.1, Hawaii Revised Statutes, is amended by amending subsection (b) to read as follows:

“(b) In developing performance incentive and penalty mechanisms, the public utilities commission’s review of electric utility performance shall consider, but not be limited to, the following:

- (1) The economic incentives and cost-recovery mechanisms described in section ~~[269-6(d);]~~ 269-6(e);
- (2) Volatility and affordability of electric rates and customer electric bills;
- (3) Electric service reliability;
- (4) Customer engagement and satisfaction, including customer options for managing electricity costs;
- (5) Access to utility system information, including but not limited to public access to electric system planning data and aggregated customer energy use data and individual access to granular information about an individual customer’s own energy use data;
- (6) Rapid integration of renewable energy sources, including quality interconnection of customer-sited resources; and
- (7) Timely execution of competitive procurement, third-party interconnection, and other business processes.”

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

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

(Approved June 24, 2021.)