



EXECUTIVE CHAMBERS
HONOLULU

NEIL ABERCROMBIE
GOVERNOR

June 20, 2014

GOV. MSG. NO. 1208

The Honorable Donna Mercado Kim,
President
and Members of the Senate
Twenty-Seventh State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

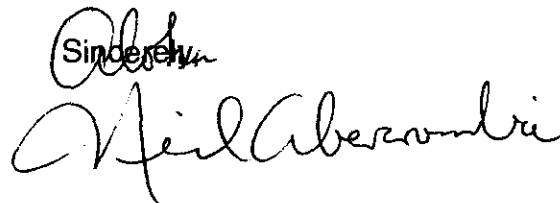
The Honorable Joseph M. Souki,
Speaker and Members of the
House of Representatives
Twenty-Seventh State Legislature
State Capitol, Room 431
Honolulu, Hawaii 96813

Dear President Kim, Speaker Souki, and Members of the Legislature:

This is to inform you that on June 20, 2014, the following bill was signed into law:

SB2196 SD2 HD1 CD1

RELATING TO ENERGY
ACT 107 (14)



NEIL ABERCROMBIE
Governor, State of Hawaii

A BILL FOR AN ACT

RELATING TO ENERGY.

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

- 1 SECTION 1. The purpose of this Act is to:
- 2 (1) Re-establish the energy systems development special
- 3 fund, which was repealed on June 30, 2013, to be
- 4 funded in part by revenues collected from the
- 5 environmental response, energy, and food security tax;
- 6 and
- 7 (2) Extend the allocation of revenues collected from the
- 8 environmental response, energy, and food security tax
- 9 to various special funds from June 30, 2015, to
- 10 June 30, 2030.

11 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is

12 amended by adding three new sections to be appropriately

13 designated and to read as follows:

14 **"§304A-A Energy systems development special fund. (a)**

15 There is established the energy systems development special fund

16 for the purpose of developing an integrated approach to and

17 portfolio management of renewable energy and energy efficiency

18 technology projects that will reduce Hawaii's dependence on



1 fossil fuel, imported oil, and other imported energy resources
2 and move Hawaii toward energy self-sufficiency.

3 (b) Deposits into the special fund may be from the
4 following:

- 5 (1) Appropriations from the legislature;
- 6 (2) A portion of the environmental response, energy, and
7 food security tax pursuant to section 243-3.5; and
- 8 (3) Investment earnings, gifts, donations, or other income
9 received by the Hawaii natural energy institute.

10 (c) The Hawaii natural energy institute shall administer
11 the special fund and may expend revenues of the special fund for
12 the following activities:

- 13 (1) Obtaining matching funds from federal and private
14 sources for research, development, and demonstration
15 of renewable energy sources;
- 16 (2) Awarding contracts or grants to develop and deploy
17 technologies that will reduce Hawaii's dependence on
18 imported energy resources and imported oil. Projects
19 may be commissioned that:

20 (A) Balance the risk, benefits, and time horizons of
21 the investment to ensure tangible benefits to the



- 1 Hawaii consumer, with priority given to short-
2 term technology development;
- 3 (B) Emphasize innovative and renewable energy supply
4 and energy efficient end use technologies
5 focusing on environmental attributes,
6 reliability, and affordability;
- 7 (C) Enhance transmission and distribution
8 capabilities of renewable energy supply for
9 electricity;
- 10 (D) Enhance reliability and storage capabilities of
11 renewable energy for electricity;
- 12 (E) Ensure that research, deployment, and
13 demonstration efforts build on existing programs
14 and resources and are not duplicated;
- 15 (F) Address critical technical and scientific
16 barriers to achieving energy self-sufficiency by
17 reducing dependence on imported oil and imported
18 energy resources;
- 19 (G) Ensure that technology used and developed for
20 renewable energy production and distribution will
21 be commercially viable; and



1 (H) Give priority to resources that are indigenous
2 and unique to Hawaii; and

3 (3) Managing the portfolio of projects commissioned under
4 this subsection.

5 §304A-B Periodic evaluation. (a) Evaluations shall be
6 conducted of the projects and activities funded by the energy
7 systems development special fund. Using objective criteria, the
8 evaluation shall assess the degree to which the projects and
9 activities comport with and achieve the stated objectives of the
10 energy systems development special fund pursuant to section
11 304A-A.

12 (b) The initial evaluation shall be conducted beginning
13 July 1, 2017, and every three years thereafter by a two-person
14 panel of independent energy and environmental technical experts
15 who shall be appointed by the director of business, economic
16 development, and tourism and who shall not be affiliated with
17 the Hawaii natural energy institute. The panel shall submit a
18 report of the findings and recommendations of each evaluation to
19 the legislature no later than twenty days prior to the convening
20 of the following regular session. The Hawaii natural energy
21 institute shall cooperate with and provide support to the
22 evaluation panel.



1 §304A-C Plan of action. Prior to the initiation of any
2 projects or activities authorized by section 304A-A, the Hawaii
3 natural energy institute shall develop a plan of action in
4 coordination with the state energy resources coordinator with
5 the intent of promoting effective prioritization and focusing of
6 efforts consistent with the State's energy programs."

7 SECTION 3. Act 73, Session Laws of Hawaii 2010, is amended
8 as follows:

9 1. By amending section 10 to read:

10 "SECTION 10. Any unexpended or unencumbered funds
11 remaining in the agricultural development and food security
12 special fund established by this Act, as of the close of
13 business on June 30, [~~2015,~~] 2030, shall lapse to the credit of
14 the general fund."

15 2. By amending section 14 to read:

16 "SECTION 14. This Act shall take effect on July 1, 2010;
17 provided that sections 2, 3, 4, and 7 of this Act shall be
18 repealed on June 30, [~~2015,~~] 2030, and sections 128D-2,
19 201-12.8, and 243-3.5, Hawaii Revised Statutes, shall be
20 reenacted in the form in which they read on June 30, 2010."

21 SECTION 4. In codifying the new sections added to chapter
22 304A, Hawaii Revised Statutes, by section 2 of this Act, the



1 revisor of statutes shall substitute appropriate section numbers
2 for the letters used in designating and referring to the new
3 sections in this Act.

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

6 SECTION 6. This Act shall take effect on July 1, 2014.

APPROVED this 20 day of JUN, 2014

A handwritten signature in black ink, reading "Neil Abernethy". The signature is written in a cursive style with a horizontal line under the name.

GOVERNOR OF THE STATE OF HAWAII