
A BILL FOR AN ACT

RELATING TO ENERGY.

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

1 SECTION 1. The legislature understands that action taken
2 pursuant to the guidelines to be developed by the state energy
3 resources coordinator will be undertaken through government
4 programs that are sustained by the fuel tax.

5 SECTION 2. Section 196-4, Hawaii Revised Statutes, is
6 amended to read as follows:

7 "§196-4 Powers and duties. Subject to the approval of the
8 governor, the coordinator shall:

9 (1) Formulate plans, including objectives, criteria to
10 measure accomplishment of objectives, programs through
11 which the objectives are to be attained, and financial
12 requirements for the optimum development of Hawaii's
13 energy resources;

14 (2) Conduct systematic analysis of existing and proposed
15 energy resource programs, evaluate the analysis
16 conducted by government agencies and other
17 organizations and recommend programs that represent



- 1 the most effective allocation of resources for the
2 development of energy resources;
- 3 (3) Formulate and recommend specific proposals, as
4 necessary, for conserving energy resources, including
5 the allocation and distribution thereof;
- 6 (4) Assist public and private agencies in implementing
7 energy conservation and efficiency programs, the
8 development of indigenous energy resources, and
9 related measures;
- 10 (5) Coordinate the State's energy programs with those of
11 the federal government, other state governments,
12 governments of nations with interest in common energy
13 resources, and the political subdivisions of the
14 State;
- 15 (6) Develop programs to encourage private and public
16 exploration, research, and development of indigenous
17 energy resources that will benefit the State;
- 18 (7) Conduct public education programs to inform the public
19 of the energy resources situation, as it may exist,
20 from time to time and of the government actions taken;
- 21 (8) Serve as consultant to the governor, public agencies,
22 and private industry on energy-related matters;



- 1 (9) Contract for services when required for the
2 implementation of this chapter;
- 3 (10) Review proposed state actions that the coordinator
4 finds to have significant effect on the State's energy
5 objectives and report to the governor their effect on
6 the energy program, and perform other services as may
7 be required by the governor and the legislature;
- 8 (11) Prepare and submit an annual report and other reports
9 as may be requested to the governor and to the
10 legislature on the implementation of this chapter and
11 all matters related to energy resources;
- 12 (12) Formulate a systematic process, including the
13 development of requirements, to identify geographic
14 areas that are rich with renewable energy resource
15 potential that can be developed in a cost-effective
16 and environmentally benign manner and designate these
17 areas as renewable energy zones;
- 18 (13) Develop and recommend incentives, plans, and programs
19 to encourage the development of renewable energy
20 resource projects within the renewable energy zones;
- 21 (14) Assist public and private agencies in identifying
22 utility transmission projects or infrastructure



1 required to accommodate and facilitate the development
2 of renewable energy resources;

3 (15) Assist public and private agencies, in coordination
4 with the department of budget and finance, in
5 accessing the use of special purpose revenue bonds to
6 finance the engineering, design, and construction of
7 transmission projects and infrastructure that are
8 deemed critical to the development of renewable energy
9 resources;

10 (16) Develop the criteria or requirements for identifying
11 and qualifying specific transmission projects and
12 infrastructure that are critical to the development of
13 renewable energy resources, including providing
14 assistance in accessing the use of special purpose
15 revenue bonds to finance the projects or
16 infrastructure;

17 (17) Develop and maintain a comprehensive and systematic
18 quantitative and qualitative capacity to analyze the
19 status of energy resources, systems, and markets, both
20 in-state and those to which Hawaii is directly tied,
21 particularly in relation to the State's economy, and
22 to recommend, develop proposals for, and assess the

1 effectiveness of policy and regulatory decisions, and
2 conduct energy emergency planning; [and]
3 (18) Develop guidelines for the public utilities commission
4 with regard to policy priorities on an open and direct
5 basis at least annually; and
6 ~~[(18)]~~ (19) Adopt rules for the administration of this
7 chapter pursuant to chapter 91."

8 SECTION 3. Section 269-6, Hawaii Revised Statutes, is
9 amended to read as follows:

10 "§269-6 General powers and duties. (a) The public
11 utilities commission shall have the general supervision
12 hereinafter set forth over all public utilities, and shall
13 perform the duties and exercise the powers imposed or conferred
14 upon it by this chapter. Included among the general powers of
15 the commission is the authority to adopt rules pursuant to
16 chapter 91 necessary for the purposes of this chapter.

17 (b) The public utilities commission shall consider the
18 need to reduce the State's reliance on fossil fuels through
19 energy efficiency and increased renewable energy generation in
20 exercising its authority and duties under this chapter. In
21 making determinations of the reasonableness of the costs of
22 utility system capital improvements and operations, the



1 commission shall explicitly consider, quantitatively or
2 qualitatively, the effect of the State's reliance on fossil
3 fuels on price volatility, export of funds for fuel imports,
4 fuel supply reliability risk, and greenhouse gas emissions. The
5 commission may determine that short-term costs or direct costs
6 that are higher than alternatives relying more heavily on fossil
7 fuels are reasonable, considering the impacts resulting from the
8 use of fossil fuels.

9 (c) In exercising its authority and duties under this
10 chapter, the public utilities commission shall consider the
11 costs and benefits of a diverse fossil fuel portfolio and of
12 maximizing the efficiency of all electric utility assets to
13 lower and stabilize the cost of electricity. Nothing in this
14 section shall subvert the obligation of electric utilities to
15 meet the renewable portfolio standards set forth in section
16 269-92.

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



- 1 (1) The establishment of a shared cost savings incentive
2 mechanism designed to induce a public utility to
3 reduce energy costs and operating costs and accelerate
4 the implementation of energy cost reduction practices;
- 5 (2) The establishment of a renewable energy curtailment
6 mitigation incentive mechanism to encourage public
7 utilities to implement curtailment mitigation
8 practices when lower cost renewable energy is
9 available but not utilized through the sharing of
10 energy cost savings between the public utility,
11 ratepayer, and affected renewable energy projects;
- 12 (3) The establishment of a stranded cost recovery
13 mechanism to encourage the accelerated retirement of
14 an electric utility fossil fuel electric generation
15 plant by allowing an electric utility to recover the
16 stranded costs created by early retirement of a fossil
17 generation plant; and
- 18 (4) The establishment of differentiated authorized rates
19 of return on common equity to encourage increased
20 utility investments in transmission and distribution
21 infrastructure, discourage an electric utility
22 investment in fossil fuel electric generation plants



1 to incentivize grid modernization, and disincentivize
2 fossil generation, respectively.

3 (e) In exercising its authority and discharging its duties
4 under this chapter relating to energy issues, the public
5 utilities commission shall document in public records that it is
6 guided by the policy priorities developed by the energy
7 resources coordinator under section 196-4.

8 [~~e~~] (f) The chairperson of the commission may appoint a
9 hearings officer, who shall not be subject to chapter 76, to
10 hear and recommend decisions in any proceeding before it other
11 than a proceeding involving the rates or any other matters
12 covered in the tariffs filed by the public utilities. The
13 hearings officer shall have the power to take testimony, make
14 findings of fact and conclusions of law, and recommend a
15 decision; provided that the findings of fact, the conclusions of
16 law, and the recommended decision shall be reviewed and may be
17 approved by the commission after notice to the parties and an
18 opportunity to be heard. The hearings officer shall have all of
19 the above powers conferred upon the public utilities commission
20 under section 269-10."

21 SECTION 4. The energy resources coordinator shall submit
22 to the legislature, not later than twenty days prior to the



1 convening of the regular session of 2015, a report of its
2 findings and recommendations, including any proposed
3 legislation, on the status of developing policy guidelines for
4 the public utilities commission.

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

7 SECTION 6. This Act shall take effect on July 1, 2014.
8

Blair

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H.B. NO. 2377

Report Title:

Energy Resources Coordinator; PUC; Policy Guidelines

Description:

Requires the energy resources coordinator to develop policy guidelines for the PUC. Requires the PUC to document that it follows the guidelines. Requires a report.

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