

Report Title: Energy Self-sufficiency

Description:

Provides a framework for energy self-sufficiency, focusing on: increasing renewable energy tax credits; establishing a pay as you save® program for solar water heating systems; establishing a bio-diesel preference in the state procurement law; establishing a Hawaii renewable hydrogen program and hydrogen investment capital special fund; and establishing state support for an alternate fuels standard. (CD1)

THE SENATE

TWENTY-THIRD LEGISLATURE, 2006

STATE OF HAWAII

2957

S.B. NO. S.D. 2

H.D. 2

C.D. 1

A BILL FOR AN ACT

RELATING TO ENERGY.

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

PART I

SECTION 1. The legislature finds that Hawaii's dependence on petroleum for about ninety per cent of its energy needs is more than any other state in the nation. This makes the State extremely vulnerable to any oil embargo, supply disruption, international market dysfunction, and many other factors beyond the control of the State. Furthermore, the continued consumption of conventional petroleum fuel negatively impacts the environment. At the same time, Hawaii has among the most abundant renewable energy resources in the world, in the form of solar, geothermal, wind, biomass, and ocean energy assets.

The legislature also finds that increased energy efficiency and use of renewable energy resources would increase Hawaii's energy self-sufficiency, achieving broad societal benefits, including increased energy security, resistance to increases in oil prices, environmental sustainability, economic development, and job creation.

Over the years, the legislature has worked steadily to encourage the deployment of renewable energy resources and energy efficiency initiatives. This includes:

- (1) Establishing a net energy metering program, interconnection standards, and renewable energy tax credits;
- (2) Establishing greenhouse gas and energy consumption reduction goals for state facilities and requiring the use of energy efficient products in state facilities; and

- (3) Providing incentives for the deployment of solar energy devices.

The legislature also established an enforceable renewable energy portfolio standard under which twenty per cent of Hawaii's electricity is to be generated from renewable resources by the end of 2020....

To shape Hawaii's energy future and achieve the goal of energy self-sufficiency for the State of Hawaii, our efforts must continue on all fronts, integrating new and evolving technologies, seizing upon economic opportunities to become more energy efficient and economically diversified, and providing incentives and assistance to address barriers.

The purpose of this Act is to provide a one segment of a larger comprehensive approach to achieving energy self-sufficiency for the State by:

- (1) Increasing the renewable energy technologies income tax credit for certain solar-thermal, wind-powered, and photovoltaic energy systems and removing the tax credits' 2008 sunset date;
- (2) Establishing a program and strategy for increased hydrogen and biofuel research and use in the State;
- (3) Establishing state support for achieving alternate fuels standards; and
- (4) Establishing the pay as you save® pilot project to provide a financing mechanism to make purchases of residential solar hot water heater systems more affordable.....

PART IV

SOLAR WATER HEATING PAY AS YOU SAVE®¹

SECTION 13. Solar water heating pay as you save® program; purpose; establishment; tariff filing. (a) Solar water heating systems are a renewable energy technology that uses solar collectors placed on roofs to heat water. These systems decrease reliance on imported oil used to generate electricity to heat water because they use less energy than the electric hot water heating systems replaced.

The legislature finds that the up-front cost of installation is a barrier preventing many Hawaii residents from installing solar water heating systems. The legislature further finds that the renewable energy technologies income tax credit and electric utility rebates have not been enough of an incentive to overcome these up-front costs, especially for rental housing and homes in need of retrofit for these important energy-saving devices.

The purpose of this section is to authorize the public utilities commission to implement a pilot project to be called the "solar water heating pay as you save® program".

¹ S.B. No. 2957 as filed omitted trademarks. On July 6, 2006, Representative Hermina Morita informed the Chair of the Hawaii Public Utilities Commission, Mr. Carliot Caliboso, by letter of this error, writing that as regards Act 240, SLH 2006 Part IV, Section 13, "...the intention of the legislation was that "pay as you save" would mean the trademarked "Pay As you Save® or PAYS®".

(b) The public utilities commission shall implement a pilot project to be called the "solar water heating pay as you save® program", which shall:

(1) Allow a residential electric utility customer to purchase a solar water heating system:

(A) With no upfront payments; and

(B) By paying the cost of the system over time on the customer's electricity bill;

provided that the estimated life cycle electricity savings from the solar water heating system exceeds the cost of the system;

(2) Provide for billing and payment of the solar water heating system on the utility bill;

(3) Provide for disconnection of utility service for non-payment of solar water heating system pay as you save® payments; and

(4) Allow for assignment of system repayment costs attached to the meter location.

(c) The public utilities commission shall determine the time frame of the pilot program and shall gather and analyze information to evaluate the pilot program.

(d) No later than June 30, 2007, each electric utility shall implement by tariff a pay as you save® model system program for residential consumers that is consistent with this section. Each utility shall provide at least six months prior notice of its proposed tariff to the public utilities commission as prescribed in section 269-12(b), Hawaii Revised Statutes. Within the prescribed notice period, the public utilities commission shall review the proposed tariff and after a hearing may require modifications to the proposed tariff as necessary to comply with or effectuate the purposes of this section.

(e) The commission shall ensure that all reasonable costs incurred by electric utilities to start up and implement the pay as you save® model system are recovered as part of the utility's revenue requirement, including necessary billing system adjustments and any costs for pay as you save® model system efficiency measures that are not recovered via participating residential consumers' pay as you save® model system bill payments or otherwise.