

Honolulu, Hawaii

Feb 8, 2008

RE: H.B. No. 3070

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 3070 entitled:

"A BILL FOR AN ACT RELATING TO ENERGY EMERGENCY PREPAREDNESS,"

begs leave to report as follows:

The purpose of this bill is to enhance Hawaii's energy emergency preparedness by, among other things:

- (1) Requiring the Department of Business, Economic Development, and Tourism (DBEDT) to use information, including confidential information, received from a variety of sources to adequately plan for, prepare, mitigate, respond to, and recover from a state energy emergency;
- (2) Requiring DBEDT to conduct systematic, statistical and quantitative analyses of the state's energy resources, systems, and markets the Director of DBEDT (Director) determines is necessary for emergency planning and preparedness;
- (3) Requiring each major energy producer, major fuel storer, major energy transporter, major energy user, and major energy marketer to submit certified statements to the Director on dates determined by the Director and on forms prescribed, prepared, and furnished by the



- Director that reports numerous types of data necessary for state energy emergency preparedness and planning;
- (4) Providing confidentiality requirements for information and reports received by the Director;
 - (5) Stipulating the clear authority of the Director to acquire, use, and analyze relevant and essential information on Hawaii's energy resources, systems, and markets to effectively plan and prepare for, mitigate against, respond to, and recover from any energy emergency and preserve the state's energy security;
 - (6) Authorizing the Governor, or the Governor's representative, to temporarily suspend for the duration of an energy shortage, or until such time as the Governor deems appropriate, standards which may affect or restrict the use of a substitute fuel to meet energy demand;
 - (7) Increasing the penalty for fraud or noncompliance with rules governing energy and emergency preparedness from a misdemeanor to a civil penalty of not more than \$10,000 per violation;
 - (8) Clarifying that the comprehensive and integrated State Energy Emergency Preparedness Plan (State Plan) prepared by DBEDT required to be implemented in the event of, or in anticipation of, a change in the State's energy supply or demand situation that is judged by the Governor to be unmanageable, be based on prevailing markets rather than the free market;
 - (9) Including distributors, major energy producers, major fuel storers, major energy transporters, and major energy marketers on the Governor's Energy Emergency Preparedness Advisory Committee;
 - (10) Including the emergency preparedness plans of distributors, major energy producers, major fuel storers, major energy transporters, major energy marketers, and the Hawaii Department of Defense (DOD) as part of the analytical and planning framework of the State Plan;



- (11) Requiring the State Plan to be prepared or updated as determined by the Director to be necessary to comply with changes in federal or state emergency management policies; and
- (12) Deleting the requirement that the State Plan and county energy emergency preparedness plans be updated and submitted biennially.

DBEDT and DOD testified in support of this bill. Hawaiian Electric Company, Inc., Maui Electric Company, Ltd., and Hawaii Electric Light Company testified in opposition to this measure. The Office of Information Practices submitted comments.

Recent natural events and the instability of the oil market have highlighted the extreme vulnerability of Hawaii's energy market and energy security. Comprehensively addressing Hawaii's energy resources, needs, demands, and security is the first step in effectuating an efficient and manageable energy emergency preparedness plan.

However, some of the information requested by this measure may be of a highly confidential and proprietary nature. Your Committee understands that a careful balance must be struck as security is essential to prevent cyberterrorism and that the more broadly information is shared, notwithstanding the provisions for confidentiality, the greater the risk of misuse. Your Committee requests DBEDT to revisit this measure and provide suggestions for amendments to reflect the minimum amount of highly sensitive information required to prepare for an energy emergency. However, given the time constraints, this information has not yet been received by your Committee. Nevertheless, your Committee finds that the critical issue of energy emergency preparedness and the importance of this legislation warrants further discussion.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 3070 and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection & Commerce.



Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,

Hermina Morita

HERMINA MORITA, Chair



