



GOV. MSG. NO. **975**

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

June 21, 2007

The Honorable Colleen Hanabusa, President
and Members of the Senate
Twenty-Fourth State Legislature
State Capitol, Room 409
Honolulu, Hawaii 96813

Dear Madam President and Members of the Senate:

This is to inform you that on June 21, 2007, the following bill was signed into law:

SB987 SD1 HD2 CD1

A BILL FOR AN ACT RELATING TO RENEWABLE
ENERGY.
(ACT 205)

Sincerely,

A handwritten signature in black ink, appearing to read "James R. Aiona, Jr.", written over a faint, illegible background.

JAMES R. AIONA, JR.
Acting Governor

Approved by the Governor

on JUN 21 2007

THE SENATE
TWENTY-FOURTH LEGISLATURE, 2007
STATE OF HAWAII

ACT 205
S.B. NO. 987
S.D. 1
H.D. 2
C.D. 1

A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

1 SECTION 1. The legislature finds that county easements
2 required for the distribution of seawater air conditioning
3 district cooling systems can only be obtained through a public
4 auction process. Seawater air conditioning developers must
5 conduct extensive and costly preliminary work to identify,
6 evaluate, and obtain these county easements, often times with
7 little ability to relocate the distribution system location.
8 Accordingly, the legislature finds that a seawater air
9 conditioning system developer should be allowed to obtain an
10 easement through direct negotiation and without public auction.

11 The legislature further finds renewable energy projects are
12 often complex, large-scale projects requiring a number of
13 permits and that a major impediment to the private development
14 of renewable energy projects has been complying with the diverse
15 array of federal, state, and county land use planning,
16 environmental, and related laws. The "Hawaii Integrated Energy
17 Policy of 1991" found that the "permits and approvals that may



1 be required for the development and siting of energy facilities
2 ... can take up to seven years for a single project." Given the
3 economic and environmental benefits of these types of projects,
4 serious consideration must be given to streamline and prioritize
5 the permitting process to provide an amount of predictability
6 that would encourage private companies to commit the substantial
7 amounts of capital, time, and effort necessary to develop such
8 projects.

9 The purpose of this Act is to:

- 10 (1) Amend the definition of "renewable energy producer"
11 under section 171-95, Hawaii Revised Statutes, to
12 include producers of thermal energy from renewable
13 energy resources, including those who produce cooling
14 from seawater air conditioning district cooling
15 systems, so that they will be eligible to lease public
16 land without public auction;
- 17 (2) Allow each county to grant, sell, or otherwise dispose
18 of easements for chilled water and seawater
19 distribution systems for renewable energy seawater air
20 conditioning district cooling systems by negotiation
21 without public auction; and



1 (3) Establish that it is the policy of the state and
2 county governments to provide priority handling and
3 processing on all state and county permits required
4 for renewable energy projects.

5 SECTION 2. Chapter 46, Hawaii Revised Statutes, is amended
6 by adding a new section to be appropriately designated and to
7 read as follows:

8 "§46- Renewable energy projects. All agencies shall
9 provide priority handling and processing for all county permits
10 required for renewable energy projects.

11 For purposes of this section, "agencies" means any
12 executive department, independent commission, board, bureau,
13 office, or other establishment of a county, or any quasi-public
14 institution that is supported in whole or in part by county
15 funds."

16 SECTION 3. Chapter 196, Hawaii Revised Statutes, is
17 amended by adding a new section to be appropriately designated
18 and to read as follows:

19 "§196- Renewable energy projects. All agencies shall
20 provide priority handling and processing for all state permits
21 required for renewable energy projects.



1 For purposes of this section, "agencies" means any
2 executive department, independent commission, board, bureau,
3 office, or other establishment of the State, or any quasi-public
4 institution that is supported in whole or in part by state
5 funds."

6 SECTION 4. Section 46-66, Hawaii Revised Statutes, is
7 amended to read as follows:

8 "[~~f~~]**§46-66**[~~}]~~ **Disposition of real property.**

9 Notwithstanding any other law to the contrary, each county,
10 subject to the approval of the council, may grant, sell, or
11 otherwise dispose of any easement, including easements over,
12 under, through, and across land bordering the ocean, at public
13 auction; provided that any easement for any governmental or
14 public utility purpose or for chilled water and seawater
15 distribution systems for renewable energy seawater air
16 conditioning district cooling systems may be granted, sold, or
17 otherwise disposed of by negotiation without public auction."

18 SECTION 5. Section 171-95, Hawaii Revised Statutes, is
19 amended by amending subsection (c) to read as follows:

20 "(c) For the purposes of this section, "renewable energy
21 producer" means any producer of electrical or thermal energy



1 produced by wind, solar energy, hydropower, landfill gas, waste-
 2 to-energy, ocean thermal energy conversion, cold seawater, wave
 3 energy, biomass, including municipal solid waste, biofuels or
 4 fuels derived from organic sources, hydrogen fuels derived
 5 primarily from renewable energy, or fuel cells where the fuel is
 6 derived primarily from renewable sources that sell all of the
 7 net power produced from the demised premises to an electric
 8 utility company regulated under chapter 269[-] or that sells all
 9 of the thermal energy it produces to customers of district
 10 cooling systems. Up to twenty-five per cent of the power
 11 produced by a renewable energy producer and sold to the utility
 12 or to district cooling system customers may be derived from
 13 fossil fuels."

14 SECTION 6. Section 226-18, Hawaii Revised Statutes, is
 15 amended by amending subsection (c) to read as follows:

16 "(c) To further achieve the energy objectives, it shall be
 17 the policy of this State to:

- 18 (1) Support research and development as well as promote
- 19 the use of renewable energy sources;



- 1 (2) Ensure that the combination of energy supplies and
- 2 energy-saving systems is sufficient to support the
- 3 demands of growth;

- 4 (3) Base decisions of least-cost supply-side and demand-
- 5 side energy resource options on a comparison of their
- 6 total costs and benefits when a least-cost is
- 7 determined by a reasonably comprehensive,
- 8 quantitative, and qualitative accounting of their
- 9 long-term, direct and indirect economic,
- 10 environmental, social, cultural, and public health
- 11 costs and benefits;

- 12 (4) Promote all cost-effective conservation of power and
- 13 fuel supplies through measures, including:

- 14 (A) Development of cost-effective demand-side
- 15 management programs;

- 16 (B) Education; and

- 17 (C) Adoption of energy-efficient practices and
- 18 technologies;

- 19 (5) Ensure, to the extent that new supply-side resources
- 20 are needed, that the development or expansion of

- 1 energy systems [~~utilizes~~] uses the least-cost energy
- 2 supply option and maximizes efficient technologies;
- 3 (6) Support research, development, and demonstration of
- 4 energy efficiency, load management, and other demand-
- 5 side management programs, practices, and technologies;
- 6 (7) Promote alternate fuels and energy efficiency by
- 7 encouraging diversification of transportation modes
- 8 and infrastructure;
- 9 (8) Support actions that reduce, avoid, or sequester
- 10 greenhouse gases in utility, transportation, and
- 11 industrial sector applications; [~~and~~]
- 12 (9) Support actions that reduce, avoid, or sequester
- 13 Hawaii's greenhouse gas emissions through agriculture
- 14 and forestry initiatives[~~-~~]; and
- 15 (10) Provide priority handling and processing for all state
- 16 and county permits required for renewable energy
- 17 projects."

18 SECTION 7. Statutory material to be repealed is bracketed

19 and stricken. New statutory material is underscored.

20 SECTION 8. This Act shall take effect upon approval.



S.B. NO. 987
S.D. 1
H.D. 2
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ACTING ✓ GOVERNOR OF THE STATE OF HAWAII

Approved this day: JUN 21 2007