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New law to require use of renewable energy

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At least 20 percent of a utility's electricity sales must be from renewable energy sources by 2020 under the "20/20 bill" signed by Gov. Linda Lingle yesterday.

Today, about 7 percent of the state's energy needs are met by renewable resources. Senate Bill 2474, known as Act 95, mandates that the state's utility companies establish a renewable energy portfolio standard showing 8 percent renewable energy sales by 2005, 10 percent by 2010 and 15 percent by 2015.

The act is designed to reduce the state's dependence on foreign-produced oil. A legislative study found that Hawai'i imports \$2 billion to \$3 billion worth of oil a year.

Renewable energy is defined as wind, solar, ocean, geothermal, waves and conversion of agricultural and other waste to energy.

The Public Utilities Commission will adopt rules and implement a rate structure by Dec. 31, 2006, and then determine its impact on utility profit margins. The PUC also would decide whether a utility could not meet the standard in a cost-effective manner, and could issue a temporary waiver.

Any other company that failed to meet its renewable energy standard could be fined as much as \$25,000 a day under Chapter 269 of Hawai'i Revised Statutes, said Jeff Mikulina, executive director of the Sierra Club of Hawai'i.

Maurice Kaya, the state's chief technology officer, emphasized that the bill takes a "carrot" rather than a "stick" approach.

Lingle said environmentalists' concerns are justified, because "the bill has a lot of escape hatches if everyone's intentions were not good."

But her administration is "committed to actually seeing this come about by 2020," Lingle said, and believes Hawaiian Electric Co. takes a similar view.

Robbie Alm, senior vice president of public affairs for HECO, said meeting the standard would be challenging amid growing demand from increased development.

But HECO recognizes the need for independence from imported oil. "To the degree we can produce it locally and it can come onto our grid, that's better," Alm said.

Lingle signed several related bills into law yesterday:

- Senate Bill 1239 cuts in half the fuel taxes assessed on ethanol, methanol, biodiesel and other alternative fuels;
- Senate Bill 3162 clarifies that financial institutions, partnerships, estates, trusts and "S" corporations are eligible for renewable energy technology income tax credits;
- House Bill 2049 helps the state improve energy efficiency in government buildings by updating public facility energy retrofit and performance contracts
- House Bill 2048 increases the allowable generating capacity for those who create their own energy and sell back excess power.

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