

**HAWAII ENERGY POLICY FORUM
HYDROCARBON WORKING GROUP
ACTION PLAN**

TEN POINT PLAN POINT #10

Ensure the security and reliability of energy supply and distribution

Goals:

- Ensure policies, laws and regulations are consistent in promoting infrastructure to support the security and reliability of energy supply and distribution.
- Promote policies to support appropriate cost recovery for utility companies for prudent investments to protect the security and reliability of energy generation, supply and distribution systems.
- Protect our transportation and electricity infrastructure by developing systems that have endurance, hardening resistance and can overcome vulnerabilities to potential acts of terrorism and natural disasters such as hurricanes and tsunamis and fuel supply disruptions
- Support policies, laws and regulations that facilitate the integration of biofuels into the energy infrastructure in a manner that does not compromise the security and reliability of the state's overall energy supply and distribution.

Background:

In recent years Hawaii has become increasingly concerned about the need to lessen its dependence upon hydrocarbons to run its economy and to maintain the lifestyles of its residents and visitors. Bold legislative initiatives have been passed to support and incent greater use of renewable resources and energy conservation. The transformation to renewable energy based economy will take many years and we need to ensure that during this transition that additional investments and ongoing maintenance of hydrocarbon facilities are continued to ensure the security and reliability of the state's overall energy supply and distribution system.

It is important that the State's laws and regulations encourage, rather than impede continued investment and maintenance of hydrocarbon facilities and distribution systems to ensure their continued security and reliability.

For the state's energy utilities, the Public Utilities Commission and the Division of Consumer Advocacy oversee their operations and capital investments. In addition the Department of Business Economic Development and Tourism is responsible for energy planning and through the Energy Council coordinates responses to emergencies concerning energy shortages caused by natural disasters or other supply disruptions. These agencies play central and essential roles in determining and implementing the State's energy policies.

Objectives and Desired Outcomes:

- Develop systems that have endurance, hardening resistance, and can overcome vulnerabilities to potential acts of terrorism and natural disasters such as hurricanes and tsunamis.

- Provide guidance to PUC on the recovery of utility investments that encourage investments to improve hydrocarbon fuel system manufacturing, transmission and distribution systems security and reliability.
- Improve county and state policies and regulations to ensure the security and reliability of energy supply and distribution.
 - Determine existing policies and regulations that present barriers to promoting the security and reliability of energy supply and distribution
 - Identify solutions and opportunities to make state and county policies and regulations supportive of the security and reliability of energy supply and distribution
 - To ensure the continued security and reliability of the county's/state's energy supply and distribution, offer expertise/commentary on proposals designed to supplant fossil fuels with renewable forms of energy.

Indicators / Metrics:

- All pertinent county and state ordinances, statutes, administrative rules and agency policies reviewed for consistency with enabling and promoting security and reliability of energy supply and distribution.
- Specific solutions and opportunities identified to make policies and regulations more conducive to security and reliability of energy supply and distribution.
- Specific amendments proposed and promoted to improve county and state policies and regulations.
- Government leaders informed and appreciative of the importance of security and reliability of energy supply and distribution.
- Support and passage of legislation that promote security and reliability of energy supply and distribution.
- PUC and DBEDT effectively determining and implementing sound energy policies to support the security and reliability of energy supply and distribution.

Specific Forum Actions:

1. Develop indicator(s) to measure progress in developing secure and safe energy system.
2. Develop information on issues/options for communication/outreach
3. Provided partial funding for FACTS to prepare the report entitled, "Evaluating Natural Gas Import Options for the State of Hawaii," which updated their previous study on the feasibility of importing LNG. This study was used in part to satisfy Section 355 requirements of the 2005 National Energy Policy Act

relating to analyzing the impacts on the local refinery industry of displacing petroleum with renewable energy or liquefied natural gas.

4. Support the development of the 2006 Hawaii Energy Strategy being conducted by DBEDT & RMI, which is scheduled to be completed in 2007
5. (Action Taken) Determine, evaluate and promote recommendations for legislation for the 2007 legislative session. Monitor legislation and testify on bills that the Forum has reached a consensus on:
 - a. HB 250, HD 2, SD2, CD1 (Act 127) which would establish a formal agreement between the Aloha Tower Development Corporation and DOT-Harbors to work jointly on Honolulu harbor infrastructure projects (passed)
 - b. HB 791, HD1, SD1, CD1 (Act 130) (monitor and work with renewable subcommittee) requires distributors to report to the department of business, economic development, and tourism on the distribution and availability of gasoline that does not contain ethanol. Requires report to legislature.
8. (Action ongoing) Monitor the implementation of recently adopted laws regarding energy utility regulation and actions to be implemented by the PUC and DCA (July 2006 – July 2008)
 - o Implementation of Petroleum Industry Monitoring, Analysis and Reporting (PIMAR) law
9. (Action Ongoing) Determine, evaluate and promote recommendations for legislation for the 2008 legislative session.
10. (Action ongoing) Support advance preparedness for energy shortage emergencies due to oil market disruptions or natural or manmade disasters by securing delivery of electric and gas services and protecting production and storage of fuel and fuel feedstocks for utility and transportation (ground, air, and marine) uses.
11. (Action ongoing) Keep abreast of the efforts of the Hawaii Harbors User Group and the State Harbors to work together on a statewide Harbor Modernization Plan which is designed to implement and aggressive infrastructure upgrade of the harbors in order to ensure that there is adequate harbor capacity to avoid disruption in the delivery of hydrocarbon and biofuels as well as other cargos.