

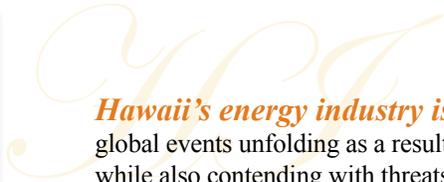
HAWAII Energy Marketers Association State Report



HEMA • Hawaii Aloha



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Hawaii's energy industry is keeping a watchful eye on global events unfolding as a result of Russia's invasion of Ukraine, while also contending with threats right in the Aloha State.

With crude oil prices up nearly 50% since last year, fuel prices have had a corresponding increase. Hawaii legislation to curtail greenhouse gases exacerbate the volatile situation by potentially driving up prices even higher. For example, there is proposed legislation calling for statewide greenhouse gas emissions to be brought down to at least 70% below 2005 levels by 2030, and other bills to decarbonize Hawaii.

A carbon tax, which was brought up for consideration, would result in approximately 10 cents per gallon for gasoline in 2023, and would rise to 52 cents per gallon in 2025. Studies are being proposed to identify the challenges and actions needed to achieve the proposed greenhouse gas targets, and the energy industry is hopeful this may provide opportunities to shape Hawaii's energy future.

The energy industry has also experienced the fallout of legislation attempting to rectify larger community issues. The recent water contamination incident involving the U.S. Navy's Red Hill bulk storage tank facility on Oahu impacted the health of military families and created community outrage. It resulted in more than 90,000 family members having to temporarily vacate their homes, and the fuel storage tanks, which experienced leaks in the past, present a lingering potential threat to one of Oahu's main aquifers that supplies drinking water to the island's urban core.

The water contamination incident garnered national headlines and congressional attention and has spawned a number of legislative and city council bills aimed at eliminating underground fuel storage tanks by 2050, starting with a moratorium on new permits for USTs. This would have a significant impact on retail stations, and these proposed laws require ongoing vigilance.

As in previous legislative sessions, lawmakers continue to grapple with ways to address the cost of living in Hawaii — one of the highest in the nation. This legislative session, they propose to gradually raise the current minimum wage of \$10.10 to \$18 per hour by 2026. While many families may benefit from a wage increase, HEMA and most businesses are concerned with such legislation as it would create a financial burden on businesses struggling in their post-pandemic recovery in Hawaii's tourist-based economy.

