

JAN 22 2010

S.B. NO. 2555

A BILL FOR AN ACT

RELATING TO ELECTRICITY USAGE.

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

1 SECTION 1. The legislature finds that governments face
2 both rising energy costs and budget shortfalls that limit
3 services to the citizens of Hawaii. However, the State has
4 abundant natural energy resources, many of which are cost
5 effective when compared to energy generated in electric power
6 plants fueled with imported oil. The government is the steward
7 of taxpayers' money, and should avail itself of less expensive
8 renewable energy sources in order to offset increased energy
9 costs and to show leadership in the development of a robust
10 renewable energy marketplace.

11 The legislature further finds that there is an emerging
12 renewable energy industry in Hawaii that can design, construct,
13 and operate cost effective methods to capture renewable energy
14 resources. The State needs to take bold action to address
15 financial shortfalls by taking advantage of these cost
16 effective, renewable energy resources to offset purchases from
17 electric power plants fueled with imported oil. One proven
18 strategy for government agencies to control their electricity



1 costs is to combine their electricity consumption across various
2 facilities, buildings, and agencies into blocks of bulk
3 electricity purchases; this practice is known as "aggregation".
4 Aggregation of government electricity purchases will create
5 "buy-side" entities that can effectively use renewable energy
6 resources in bulk amounts, and thus promote a robust competitive
7 market for renewable energy producers.

8 The purpose of this Act is to:

- 9 (1) Require the public utilities commission to adopt rules
10 that will enable government entities to purchase
11 electricity in bulk electrical loads; and
12 (2) Authorize government entities that purchase
13 electricity in bulk electrical loads to contract with
14 renewable energy producers.

15 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
16 amended by adding a new section to be appropriately designated
17 and to read as follows:

18 "§269- Government aggregators of electricity
19 requirements. (a) The public utilities commission, by rule or
20 order, shall adopt and enforce requirements for the provision of
21 electricity by the aggregator. These requirements shall
22 include, but not be limited to, the following:



- 1 (1) Any aggregator may elect to purchase electricity in
2 bulk electrical loads. Any electric utility company
3 providing electricity to an aggregator shall, at the
4 election of the aggregator, combine the billing of the
5 purchase into a single bill reflecting the peak
6 demands and the combined energy consumption;
- 7 (2) Any aggregator may elect to install a renewable energy
8 generating facility. Any electric utility company
9 providing electricity to an aggregator that installs a
10 renewable energy generating facility shall use net
11 energy metering, as defined in section 269-101;
- 12 (3) Any aggregator may elect to contract with a renewable
13 energy producer to purchase electricity from
14 facilities for renewable energy on government-owned
15 property or other property. Any electricity purchased
16 pursuant to this contract shall be considered produced
17 by an eligible customer-generator, for the purposes of
18 part VI; provided that for any electricity purchased
19 from a renewable energy producer located on property
20 other than the point of consumption, the electric
21 utility company may adjust the net energy metering to
22 reflect:



1 (A) Energy losses between the renewable energy
2 producer and the aggregator's point of
3 consumption;

4 (B) Use of the electric utility company's service to
5 transport the electricity to the point of
6 consumption; and

7 (C) Any costs necessary for ancillary services; and

8 (4) The electric utility company shall provide the
9 aggregator access to metering data at no cost;
10 provided that the aggregator shall be responsible for
11 any equipment required to access the metering data
12 multiple times per day.

13 (b) For the purposes of this section, "aggregator" means
14 any government entity that is not an electric utility company,
15 that, in the ordinary course of its business, uses electricity
16 by purchasing electricity in bulk electrical loads.

17 (c) Nothing in this section shall require any government
18 entity to act as an aggregator or to purchase electricity from
19 any renewable energy producer. Nothing in this section shall be
20 construed as a waiver of competitive procurement obligations."

21 SECTION 3. Section 269-102, Hawaii Revised Statutes, is
22 amended to read as follows:

1 "§269-102 Standard contract or tariff; rate structure.

2 (a) Every electric utility shall develop a standard contract or
3 tariff providing for net energy metering and shall make this
4 contract available to eligible customer-generators, upon
5 request, on a first-come-first-served basis until the time that
6 the total rated generating capacity produced by eligible
7 customer-generators equals .5 per cent of the electric utility's
8 system peak demand; provided that the public utilities
9 commission may modify, by rule or order, the total rated
10 generating capacity produced by eligible customer-generators;
11 provided further that the public utilities commission shall
12 ensure that a percentage of the total rated generating capacity
13 produced by eligible customer-generators shall be reserved for
14 electricity produced by eligible residential or small commercial
15 customer-generators. The public utilities commission may
16 define, by rule or order, the maximum capacity for eligible
17 residential or small commercial customer-generators.
18 Notwithstanding the generating capacity requirements of this
19 subsection, the public utilities commission may evaluate, on an
20 island-by-island basis, the applicability of the generating
21 capacity requirements of this subsection and, in its discretion,



1 may exempt an island or a utility grid system from the
2 generating capacity requirements.

3 (b) Each net energy metering contract or tariff shall be
4 identical, with respect to rate structure, to the contract or
5 tariff to which the same customer would be assigned if the
6 customer was not an eligible customer-generator. The charges
7 for all retail rate components for eligible customer-generators
8 shall be based exclusively on the eligible customer-generator's
9 net kilowatt-hour consumption over a monthly billing period.
10 Any new or additional demand charge, standby charge, customer
11 charge, minimum monthly charge, interconnection charge, or other
12 charge that would increase an eligible customer-generator's
13 costs beyond those of other customers in the rate class to which
14 the eligible customer-generator would otherwise be assigned are
15 contrary to the intent of this section, and shall not form a
16 part of net energy metering contracts or tariffs.

17 (c) The public utilities commission may amend the rate
18 structure or standard contract or tariff by rule or order.

19 (d) This section shall not apply to government
20 aggregators, as described in section 269- ."

21 SECTION 4. New statutory material is underscored.

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1 SECTION 5. This Act shall take effect on July 1, 2010.

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Report Title:

Electricity; Aggregation; Government Entities

Description:

Requires the public utilities commission to adopt rules that will enable government entities to purchase electricity in bulk electrical loads; authorizes government entities that purchase electricity in bulk electrical loads to contract with renewable energy producers.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

