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# A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

1           SECTION 1. In 2013, the Hawaii green infrastructure loan  
2 program was established to "serve as a potential source of  
3 capital for a range of clean energy technology users, including  
4 renters and residents that have not been able to take advantage  
5 of current financing programs and may now take advantage of  
6 increasing opportunities to install clean energy technology,"  
7 according to the strongly supportive testimony of the public  
8 utilities commission.

9           The department of business, economic development, and  
10 tourism testified that the program "will make cheap credit  
11 available, including to the underserved markets -- low to  
12 moderate income homeowners, renters, churches, non-profits --  
13 those who may not be able to access or afford clean energy  
14 installations today. One application of the program is that  
15 consumers will be able to install solar photovoltaic equipment  
16 and receive immediate benefits today, while amortizing the costs  
17 over time and paying for those benefits on their utility bill."



1           The consumer advocate testified in support of this program  
2 noting that "on bill financing allows the consumer to pay for  
3 these energy systems through the electricity cost savings on  
4 their monthly bill...the Consumer Advocate will work closely  
5 with DBEDT, the Hawaiian Electric Companies, the Public  
6 Utilities Commission, and all interested parties in designing an  
7 on bill financing program that minimizes the financial risk to  
8 electric utilities' ratepayers."

9           Hawaiian Electric Company testified that "the companies  
10 indicated their willingness to assist with billing, collecting,  
11 and transmitting customer payments related to on-bill financing"  
12 and that "the companies have been working with DBEDT and the PUC  
13 . . . that collaborative effort has resulted in language which  
14 the companies strongly support."

15           Three years later, no on-bill financing program is yet  
16 close to completion. Furthermore, almost no funds have been  
17 deployed from the Hawaii green infrastructure loan program. The  
18 legislature finds that the failure of the Hawaiian Electric  
19 Companies; department of business, economic development, and  
20 tourism; public utilities commission; and consumer advocate to  
21 follow through with the establishment of an on-bill financing



1 program and other products for underserved markets -- for  
2 instance, low- to moderate-income homeowners, renters, churches,  
3 and non-profit organizations -- has left Hawaii's residents most  
4 in need of relief from high electric bills without help during  
5 the most crucial years when solar photovoltaic interconnection  
6 was otherwise open to all.

7       The purpose of this Act is to assist Hawaii's underserved  
8 residents by using dormant funds from the Hawaii green  
9 infrastructure loan program as a source of capital for a range  
10 of clean energy technology users, including residents that have  
11 not been able to take advantage of current financing programs  
12 and may now take advantage of increasing opportunities to  
13 install clean energy storage. Energy storage is a key necessity  
14 that will allow the expansion of additional renewables on the  
15 electric grid, assist Hawaii with reaching its 100 per cent  
16 renewable energy goal, and help residents take control of their  
17 electric bills and save money in the long term.

18       SECTION 2. Chapter 196, Hawaii Revised Statutes, is  
19 amended by adding a new section to be appropriately designated  
20 and to read as follows:



1        "§196-        Energy storage system rebate program. (a) There  
2 is established a Hawaii energy storage system rebate program  
3 that shall be administered by the Hawaii green infrastructure  
4 authority in a manner consistent with this chapter.

5        The authority:

6        (1) Shall prepare any forms that may be necessary for the  
7 energy storage system owner to claim a rebate from the  
8 energy storage system fund;

9        (2) Shall require the energy storage system owner claiming  
10 a rebate under this section to furnish reasonable  
11 information to ascertain the validity of the claim,  
12 including but not limited to documentation necessary  
13 to demonstrate that the system for which the rebate is  
14 claimed is an eligible energy storage system;

15        (3) Shall allow each energy storage system owner to  
16 establish income eligibility, as necessary, through a  
17 declaration asserting that the information provided is  
18 true and correct and made under penalty of law;

19        (4) Shall make best efforts to post on a publicly  
20 available website, within regular and reasonable



1           periods of time, the current amounts remaining in the  
2           energy storage system fund;  
3       (5) Shall establish guidelines necessary to effectuate the  
4           purposes of this section. The establishment of such  
5           guidelines shall not be subject to chapter 91. The  
6           authority's guidelines shall include procedures to  
7           allow an energy storage system owner to secure the  
8           applicable level of rebate after the energy storage  
9           system owner purchases the system or leases the system  
10           to an energy storage system user, but prior to the  
11           system's installation, so long as the system is  
12           installed and placed into service within a reasonable  
13           timeframe established by the authority; and  
14       (6) May contract with a third party for services to assist  
15           with administering the energy storage system rebate  
16           program. Such procurement of services shall be exempt  
17           from the requirements of chapter 103D.  
18       (b) Each energy storage system owner who provides third-  
19           party financing to an energy storage system user, or purchases  
20           and installs in this State an eligible energy storage system,  
21           may apply to the authority, within twelve months of the eligible



1 energy storage system's being first placed into service, to  
2 claim a rebate from the energy storage system fund, as follows:

3 (1) Each eligible residential energy storage system shall  
4 receive the lesser of \_\_\_\_\_ cents per watt-hour of the  
5 system's warranted capacity of stored energy or the  
6 cap amount determined in subsection (c), if  
7 applicable;

8 (2) Each eligible commercial energy storage system shall  
9 receive the lesser of \_\_\_\_\_ cents per watt-hour of the  
10 system's warranted capacity of stored energy or the  
11 cap amount determined in subsection (c), if  
12 applicable;

13 (3) Each eligible utility-scale energy storage system  
14 shall receive the lesser of \_\_\_\_\_ cents per watt-hour of  
15 the system's warranted capacity of stored energy or  
16 the cap amount determined in subsection (c), if  
17 applicable; and

18 (4) No more than \$ \_\_\_\_\_ of the energy storage system  
19 fund may be expended on utility-scale energy storage  
20 systems, and no more than \$ \_\_\_\_\_ of the energy



1           storage system fund may be expended on commercial  
2           energy storage systems.

3           (c) The amount of rebate allowed for each eligible energy  
4 storage system shall not exceed the applicable cap amount, which  
5 shall be:

6           (1) \$           per system for single-family residential  
7 property, subject to the following conditions:

8           (A) If the federal adjusted gross income of the  
9 energy storage system user is \$75,000 or less for  
10 single filers, or \$150,000 or less for joint  
11 filers, in the preceding tax year in which the  
12 rebate is claimed, then the energy storage system  
13 property owner shall be eligible to receive  
14 per cent of the rebate;

15           (B) If the federal adjusted gross income of the  
16 energy storage system user is greater than  
17 \$75,000 but less than \$150,000 for single filers,  
18 or is greater than \$150,000 but less than  
19 \$300,000 for joint filers, in the preceding tax  
20 year in which the rebate is claimed, then the  
21 energy storage system property owner shall be



1 eligible to receive \_\_\_\_\_ per cent of the rebate;

2 or

3 (C) If the federal adjusted gross income of the  
4 energy storage system user is greater than  
5 \$150,000 for single filers, or greater than  
6 \$300,000 for joint filers, in the preceding tax  
7 year in which the rebate is claimed, then the  
8 energy storage system property owner is eligible  
9 to receive \_\_\_\_\_ per cent of the rebate;

10 (2) \$ \_\_\_\_\_ per system for commercial property; and

11 (3) \$ \_\_\_\_\_ per system for utility-scale energy storage  
12 systems; provided that the system is co-sited and  
13 electrically connected to an eligible community-based  
14 renewable energy project as defined by the public  
15 utilities commission pursuant to section 269-27.4.

16 (d) This section shall apply to eligible energy storage  
17 systems that are installed and first placed in service after  
18 December 31, 2016.

19 (e) Nothing in this section shall alter taxes due on the  
20 original purchase price of an eligible energy storage system  
21 prior to the application of this rebate. Any rebate received



1 pursuant to the energy storage system rebate program shall not  
2 be considered income for the purposes of state or county taxes."

3 SECTION 3. Chapter 196, Hawaii Revised Statutes, is  
4 amended by amending the title of part IV to read as follows:

5 " [+ ] PART IV. [+ ] GREEN INFRASTRUCTURE LOANS AND ENERGY STORAGE  
6 SYSTEM REBATE PROGRAM"

7 SECTION 4. Section 196-61, Hawaii Revised Statutes, is  
8 amended by adding six new definitions to be appropriately  
9 inserted and to read as follows:

10 "Eligible energy storage system" means any identifiable  
11 facility, equipment, or apparatus that:

12 (1) Receives electricity generated from another source or  
13 other sources, stores that electricity within a  
14 battery and delivers the energy back at a later time  
15 to the energy storage system user, an electric  
16 utility, or the Hawaii electric system;

17 (2) Is fixed to a residential or commercial property and  
18 electrically connected to an energy storage system  
19 user's load or generation, or in the case of a  
20 utility-scale energy storage system, is fixed to a



- 1           property and electrically connected to an eligible  
2           community-based renewable energy project;
- 3           (3) Has a deployable capacity of at least 2.5 kilowatts of  
4           continuous battery charge and discharge power and at  
5           least five kilowatt-hours of stored energy at time of  
6           purchase for residential and commercial energy storage  
7           systems;
- 8           (4) Has a minimum deployable capacity of 2.5 megawatt-  
9           hours and five megawatt-hours at time of purchase for  
10           utility-scale energy storage systems;
- 11           (5) Is protected by a manufacturer's warranty of at least  
12           ten years or a minimum of three thousand cycles for  
13           residential and commercial energy storage systems;
- 14           (6) Is protected by a manufacturer's warranty of at least  
15           twenty years with a degradation not to exceed 1.5 per  
16           cent per year and controls sufficient to provide real  
17           power and reactive power dispatch for utility-scale  
18           energy storage systems;
- 19           (7) Is not owned by an electric utility; and
- 20           (8) Is connected to an electric utility grid, unless:



1           (A) The electric utility does not offer, at the time  
2           of purchase of the energy storage system,  
3           electric service to the property that would be  
4           served by the energy storage system;

5           (B) The customer-generator applied for  
6           interconnection with the electric utility but has  
7           not received interconnection approval from the  
8           electric utility within forty-five days of the  
9           electric utility receiving the application for  
10           interconnection that has not been denied for lack  
11           of completeness; or

12           (C) The electric utility has proposed interconnection  
13           fees of ten per cent or greater of the purchase  
14           price of the energy storage system.

15           "Energy storage system fund" means the moneys from the  
16           Hawaii green infrastructure special fund authorized by this part  
17           for the purpose of providing rebates for eligible energy storage  
18           systems through the energy storage system rebate program.

19           "Energy storage system property owner" means the person,  
20           individual, partnership, corporation, association, or public or  
21           private organization other than an agency that holds legal title



1 to the energy storage system. An energy storage system property  
2 owner shall include the owner of third-party financed energy  
3 storage systems.

4 "Energy storage system rebate program" means the program  
5 established by section 196- to fund rebates for eligible  
6 energy storage systems from the energy storage system fund.

7 "Energy storage system user" means the property owner, or  
8 the property owner's lessees or tenants, that use the energy  
9 discharged by the eligible energy storage system on the property  
10 where the eligible energy storage system is located or on  
11 contiguous property owned or leased by the property owner  
12 without regard to interruptions in contiguity caused by  
13 easements, public thoroughfares, transportation rights-of-way,  
14 and utility rights-of-way.

15 "First placed in service" has the same meaning as title 26  
16 Code of Federal Regulations sections 1.167(a)-11(e)(1)."

17 SECTION 5. Section 196-64, Hawaii Revised Statutes, is  
18 amended to read as follows:

19 "[+]§196-64[+] Functions, powers, and duties of the  
20 authority. (a) In the performance of, and with respect to the  
21 functions, powers, and duties vested in the authority by this



1 part, the authority, as directed by the director and in  
2 accordance with a green infrastructure loan program order or  
3 orders under section 269-171 or an annual plan submitted by the  
4 authority pursuant to this section, as approved by the public  
5 utilities commission may:

- 6 (1) Make loans and expend funds to finance the purchase or  
7 installation of green infrastructure equipment for  
8 clean energy technology, demand response technology,  
9 and energy use reduction and demand side management  
10 infrastructure, programs, and services;
- 11 (2) Hold and invest moneys in the green infrastructure  
12 special fund in investments as permitted by law and in  
13 accordance with approved investment guidelines  
14 established in one or more orders issued by the public  
15 utilities commission pursuant to section 269-171;
- 16 (3) Hire employees necessary to perform its duties,  
17 including an executive director. The executive  
18 director shall be appointed by the authority, and the  
19 employees' positions, including the executive  
20 director's position, shall be exempt from chapter 76;



- 1           (4) Enter into contracts for the service of consultants  
2           for rendering professional and technical assistance  
3           and advice, and any other contracts that are necessary  
4           and proper for the implementation of the loan program;
- 5           (5) Enter into contracts for the administration of the  
6           loan program, without the necessity of complying with  
7           chapter 103D;
- 8           (6) Establish loan program guidelines to be approved in  
9           one or more orders issued by the public utilities  
10          commission pursuant to section 269-171 to carry out  
11          the purposes of this part;
- 12          (7) Be audited at least annually by a firm of independent  
13          certified public accountants selected by the  
14          authority, and provide the results of this audit to  
15          the department and the public utilities commission;  
16          and
- 17          (8) Perform all functions necessary to effectuate the  
18          purposes of this part.
- 19          (b) The authority shall submit to the public utilities  
20          commission an annual plan for review and approval no later than  
21          ninety days prior to the start of each fiscal year. The annual



1 plan submitted by the authority shall include the authority's  
2 projected operational budget for the succeeding fiscal year.

3 (c) Notwithstanding subsections (a) and (b), the authority  
4 shall make available from the Hawaii green infrastructure  
5 special fund the amount designated in section 196-65(c) for the  
6 energy storage system rebate program."

7 SECTION 6. Section 196-65, Hawaii Revised Statutes, is  
8 amended to read as follows:

9 "[+]§196-65[+] Hawaii green infrastructure special fund.

10 (a) There is established the Hawaii green infrastructure  
11 special fund into which shall be deposited:

- 12 (1) The proceeds of bonds net of issuance costs and  
13 reserves or overcollateralization amounts;
- 14 (2) Green infrastructure charges received for the use and  
15 services of the loan program, including the repayment  
16 of loans made under the loan program;
- 17 (3) All other funds received by the department or the  
18 authority and legally available for the purposes of  
19 the green infrastructure special fund;
- 20 (4) Interest earnings on all amounts in the green  
21 infrastructure special fund; and



1           (5) Such other moneys as shall be permitted by an order of  
2                   the public utilities commission.

3           The Hawaii green infrastructure special fund shall not be  
4 subject to section 37-53. Any amounts received from green  
5 infrastructure charges or any other net proceeds earned from the  
6 allocation, use, expenditure, or other disposition of amounts  
7 approved by the public utilities commission and deposited or  
8 held in the Hawaii green infrastructure special fund in excess  
9 of amounts necessary for the purposes of [~~subsection~~]  
10 subsections (b) and (c) shall be credited to electric utility  
11 customers as provided in a green infrastructure loan program  
12 order or orders. Funds that are transferred back to the  
13 electric utility in order to credit electric utility customers  
14 under this subsection shall not be considered revenue of the  
15 electric utility and shall not be subject to state or county  
16 taxes.

17           (b) Moneys in the Hawaii green infrastructure special fund  
18 may be used, subject to the approval of the public utilities  
19 commission, for the purposes of:



- 1 (1) Making green infrastructure loans;
- 2 (2) Paying administrative costs of the Hawaii green
- 3 infrastructure loan program;
- 4 (3) Paying any other costs related to the Hawaii green
- 5 infrastructure loan program; or
- 6 (4) Paying financing costs, as defined in section 269-161,
- 7 to the extent permitted by the public utilities
- 8 commission in a financing order issued pursuant to
- 9 section 269-163.

10 (c) \$ from the Hawaii green infrastructure special  
 11 fund shall be transferred on a one-time, lump-sum basis to  
 12 create the energy storage system fund, which shall provide  
 13 moneys for the energy storage system rebate program. The energy  
 14 storage system fund shall be used only for the purposes of:

- 15 (1) Making energy storage system rebate program payments
- 16 pursuant to section 196- ; and
- 17 (2) Paying the authority's administrative costs for
- 18 operating the energy storage system rebate program.

19 [~~e~~] (d) The authority may invest funds held in the  
 20 Hawaii green infrastructure special fund in investments as  
 21 permitted by law, and in accordance with approved investment



1 guidelines established in one or more orders issued by the  
2 public utilities commission pursuant to section 269-171. All  
3 amounts in the Hawaii green infrastructure special fund shall be  
4 exempt from all taxes and surcharges imposed by the State or the  
5 counties."

6 SECTION 7. Section 269-170, Hawaii Revised Statutes, is  
7 amended by amending subsection (a) to read as follows:

8 "(a) The authority shall submit an application to the  
9 public utilities commission for the use or other disposition of  
10 amounts deposited or held in the green infrastructure special  
11 fund pursuant to section 196-65 prior to the allocation, use,  
12 expenditure, or other disposition of any such amounts; provided  
13 that this subsection shall not apply to the following:

14 (1) The expenditure of amounts deposited or held in the  
15 green infrastructure special fund that have been  
16 reviewed and approved by the public utilities  
17 commission for operational or administrative expenses  
18 of the authority pursuant to section 196-64 [-]; and

19 (2) The expenditure of amounts deposited or held in the  
20 Hawaii green infrastructure special fund for the



1           purpose of funding the energy storage system fund,  
2           pursuant to section 196-65(c)."

3           SECTION 8. (a) The legislature finds and declares that  
4 the issuance of rebates under this Act is in the public interest  
5 and for the public health, safety, and welfare.

6           (b) The department of business, economic development, and  
7 tourism, and the green infrastructure authority embedded within  
8 the department, shall use \$           from the Hawaii green  
9 infrastructure special fund as specified in section 196-65(c),  
10 Hawaii Revised Statutes, to fund the energy storage system fund  
11 that is created by this Act, and develop any forms and  
12 guidelines necessary for the implementation of the program, no  
13 later than December 31, 2016.

14           (c) To the extent there is any conflict between this Act  
15 and part III of chapter 39, Hawaii Revised Statutes, this Act  
16 shall prevail.

17           SECTION 9. There is appropriated out of the Hawaii green  
18 infrastructure special fund established pursuant to section 196-  
19 65, Hawaii Revised Statutes, the sum of \$           or so much  
20 thereof as may be necessary for fiscal year 2016-2017 to be  
21 deposited into the energy storage system fund.



1 SECTION 10. There is appropriated out of the energy  
2 storage system fund the sum of \$ or so much thereof as  
3 may be necessary for fiscal year 2016-2017 for the energy  
4 storage system rebate program.

5 The sum appropriated shall be expended by the Hawaii green  
6 infrastructure authority for the purposes of this Act.

7 SECTION 11. If any provision of this Act, or the  
8 application thereof to any person or circumstance, is held  
9 invalid, the invalidity does not affect other provisions or  
10 applications of the Act that can be given effect without the  
11 invalid provision or application, and to this end the provisions  
12 of this Act are severable.

13 SECTION 12. This Act does not affect rights and duties  
14 that matured, penalties that were incurred, and proceedings that  
15 were begun before its effective date.

16 SECTION 13. Statutory material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

18 SECTION 14. This Act shall take effect on July 1, 2030.



**Report Title:**

Energy Storage Rebate Program; Hawaii Green Infrastructure Loan Program; Appropriation

**Description:**

Establishes an energy storage system rebate program. Makes appropriations. (SB2738 HD2)

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

