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## A BILL FOR AN ACT

RELATING TO WHEELING.

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

1           SECTION 1. The legislature finds that Hawaii's electricity  
2 customers continue to endure the highest electricity prices in  
3 the country, and the high cost of electricity imposes  
4 substantial burdens on Hawaii's households and businesses.  
5 Although some states in the 1990s opted to fully or partially  
6 unbundle their electricity sectors to allow for competitive  
7 generation segments, separate transmission and distribution  
8 segments, and independent system operators, Hawaii has yet to  
9 unbundle its electricity sector, with each island's utility  
10 still operating as a vertically-integrated regulated monopoly.

11           The legislature also finds that retail wheeling refers to  
12 the distribution of electricity owned by an independent power  
13 supplier and sold to a retail consumer over transmission and  
14 distribution lines of a public utility that is not itself  
15 producing the electricity. Fifteen states have actively  
16 restructured their energy markets and adopted retail wheeling in  
17 some form. However, in Hawaii, independent power producers must



1 sell power to a public utility rather than allowing for direct  
2 sale to end users.

3 The legislature believes that given Hawaii's environment  
4 and electricity market, wheeling can provide a vehicle for  
5 increased competition in energy markets and improved service and  
6 customer choice without requiring the utility to divest its own  
7 generation assets or lose control over the operation of  
8 transmission and distribution.

9 The legislature finds that retail wheeling can be an  
10 effective means of fostering innovation and greater renewable  
11 energy production, as independent power producers can take  
12 advantage of end user preferences for cleaner power to secure  
13 higher prices for their output than may be possible under a  
14 given utility's avoided cost formula. Retail wheeling would  
15 provide an alternative option for independent power producers  
16 that is not available under the feed-in-tariff schedule being  
17 established by the public utilities commission and the consumer  
18 advocate.

19 The legislature believes that expanding independent power  
20 producers' off-take options will help to attract additional  
21 renewable energy investment, thus contributing to local economic



1 development, job creation, and greater energy security for the  
2 State.

3 The purpose of this Act is to require the public utilities  
4 commission to establish policies and rules to implement retail  
5 wheeling to increase competition within Hawaii's electrical  
6 markets, expand customer choice, provide incentives for the  
7 production of renewable energy, and diversify Hawaii's energy  
8 base.

9 SECTION 2. Chapter 269, Hawaii Revised Statutes, is  
10 amended by adding a new section to part I to be appropriately  
11 designated and to read as follows:

12 "§269- Retail wheeling; rules and procedures. The  
13 public utilities commission shall establish necessary policies  
14 and rules, pursuant to chapter 91, and the requirements for  
15 electric utility company tariffs and rules, as may be necessary,  
16 for the implementation of retail wheeling to enable independent  
17 power producers to sell electricity directly to end users."

18 SECTION 3. Section 269-1, Hawaii Revised Statutes, is  
19 amended by adding a new definition to be appropriately inserted  
20 and to read as follows:



1        "Retail wheeling" means the process of transmitting  
 2 electric power from a seller's point of generation across a  
 3 third-party-owned transmission and distribution system and  
 4 facility, including but not limited to transmission and  
 5 distribution systems and facilities of electric utility  
 6 companies, to the seller's retail customer."

7        SECTION 4. The public utilities commission shall explore,  
 8 including the opening of an investigatory docket as may be  
 9 necessary, the feasibility of implementing retail wheeling in  
 10 Hawaii. The public utilities commission shall report on the  
 11 status of this investigation, including any proposed  
 12 legislation, to the legislature no later than twenty days prior  
 13 to the convening of the regular session of 2018. Thereafter,  
 14 the public utilities commission shall submit an annual report on  
 15 the status of the implementation of retail wheeling in the  
 16 State, if any, until the implementation is complete.

17        SECTION 5. New statutory material is underscored.

18        SECTION 6. This Act shall take effect on July 1, 2017.

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INTRODUCED BY:

*Cindy Evans*  
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*[Signature]*

JAN 19 2017



# H.B. NO. 152

**Report Title:**

Electricity; Retail Wheeling

**Description:**

Requires the Public Utilities Commission to establish policies and rules for the implementation of retail wheeling. Requires the Commission to report on the status of the implementation of retail wheeling annually until the implementation is complete.

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

