



EXECUTIVE CHAMBERS
HONOLULU

DAVID Y. IGE
GOVERNOR

July 10, 2018

GOV. MSG. NO. 1309

The Honorable Ronald D. Kouchi,
President
and Members of the Senate
Twenty-Ninth State Legislature
State Capitol, Room 409
Honolulu, Hawai'i 96813

The Honorable Scott K. Saiki,
Speaker and Members of the
House of Representatives
Twenty-Ninth State Legislature
State Capitol, Room 431
Honolulu, Hawai'i 96813

Dear President Kouchi, Speaker Saiki, and Members of the Legislature:

This is to inform you that on July 10, 2018, the following bill was signed into law:

HB2110 HD2 SD2

RELATING TO RESILIENCY
ACT 200 (18)

Sincerely,

DAVID Y. IGE
Governor, State of Hawai'i

Approved by the Governor
JUL 10 2018

ORIGINAL ACT 200

on _____
HOUSE OF REPRESENTATIVES
TWENTY-NINTH LEGISLATURE, 2018
STATE OF HAWAII

H.B. NO. 2110
H.D. 2
S.D. 2

A BILL FOR AN ACT

RELATING TO RESILIENCY.

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

1 SECTION 1. The legislature finds that Hawaii's residents
2 and businesses are vulnerable to disruptions in the islands'
3 energy systems caused by extreme weather events or other
4 disasters. In 2017, Puerto Rico was devastated by Hurricane
5 Maria, leaving ninety per cent of the island's residents without
6 power one month after the storm hit. Puerto Rico is now
7 rebuilding its energy system and incorporating microgrids, or
8 smaller grids with local control capability that can disconnect
9 from the larger electricity grid and operate autonomously.

10 The legislature finds that the increased use of renewable
11 energy, advanced distributed energy resources, and energy
12 efficiency in Hawaii provides significant economic, health,
13 environmental, and workforce benefits to the State. Microgrids
14 can facilitate the achievement of Hawaii's clean energy policies
15 by enabling the integration of higher levels of renewable energy
16 and advanced distributed energy resources. Microgrids can also
17 provide valuable services to the public utility electricity



1 grid, including energy storage and demand response, to support
2 load shifting, frequency response, and voltage control, among
3 other ancillary services.

4 The legislature finds that microgrids can isolate
5 themselves from the larger electricity grid in a time of
6 emergency. By "islanding" and running autonomously, microgrids
7 can provide a building or set of buildings with emergency power
8 for critical medical equipment, refrigeration, and charging
9 critical communications devices. Microgrids can also provide
10 backup power for hospitals and emergency centers. The
11 legislature believes that the use of microgrids would build
12 energy resiliency into our communities, thereby increasing
13 public safety and security.

14 The legislature finds that while Hawaii is a national
15 leader in developing renewable energy, few microgrids have been
16 developed, as their development has been inhibited by a number
17 of factors, including interconnection barriers and a lack of
18 standard terms regarding the value of services exchanged between
19 the microgrid operator and the utility.

20 The legislature further finds that without standard terms
21 regarding interconnection and the value of microgrid services,



1 businesses and residents developing microgrids may choose to
2 leave the utility grid altogether, thereby weakening the overall
3 system and increasing costs for other utility customers.

4 The purpose of this Act is to encourage and facilitate the
5 development and use of microgrids through the establishment of a
6 standard microgrid services tariff.

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

10 "§269- Microgrids. (a) By July 1, 2018, the public
11 utilities commission shall open a proceeding to establish a
12 microgrid services tariff.

13 (b) Any person or entity may own or operate an eligible
14 microgrid project or projects; provided that the person or
15 entity complies with all applicable statutes, rules, tariffs,
16 and orders governing the ownership and interconnection of the
17 project or projects.

18 (c) As used in this section:

19 "Microgrid project" means a group of interconnected loads
20 and distributed energy resources within clearly defined
21 electrical boundaries that acts as a single controllable entity



1 with respect to the utility's electrical grid and can connect to
2 a public utility's electrical grid to operate in grid-connected
3 mode and can disconnect from the grid to operate in island mode,
4 and that:

5 (1) Is subject to a microgrid services tariff; and

6 (2) Generates or produces energy.

7 "Microgrid services tariff" means a tariff approved by the
8 public utilities commission that:

9 (1) Is designed to provide fair compensation for
10 electricity, electric grid services, and other
11 benefits provided to, or by, the electric utility, the
12 person or entity operating the microgrid, and other
13 ratepayers;

14 (2) To the extent possible, standardizes and streamlines
15 the related interconnection processes for microgrid
16 projects; and

17 (3) Does not apply to a municipal utility cooperative."

18 SECTION 3. In establishing a microgrid services tariff,
19 the public utilities commission shall consider the actions taken
20 to establish and deploy microgrids in other jurisdictions,
21 including the actions taken by Puerto Rico following the 2017



1 Atlantic hurricane season, and the prescriptive steps the State
2 can take to address potential similar local disasters in the
3 future.

4 SECTION 4. The natural energy laboratory of Hawaii
5 authority is recognized as having the potential to operate a
6 microgrid and may be designated as the first microgrid
7 demonstration project after the establishment of the microgrid
8 services tariff described in section 2.

9 SECTION 5. New statutory material is underscored.

10 SECTION 6. This Act shall take effect on July 1, 2018.

APPROVED this 10 day of JUL, 2018



GOVERNOR OF THE STATE OF HAWAII



HB No. 2110, HD 2, SD 2

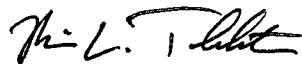
THE HOUSE OF REPRESENTATIVES OF THE STATE OF HAWAII

Date: May 3, 2018
Honolulu, Hawaii

We hereby certify that the above-referenced Bill on this day passed Final Reading in the House of Representatives of the Twenty-Ninth Legislature of the State of Hawaii, Regular Session of 2018.



Scott K. Saiki
Speaker
House of Representatives



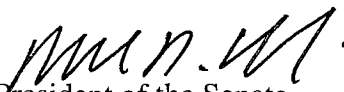
Brian L. Takeshita
Chief Clerk
House of Representatives


H.B. No. 2110, H.D. 2, S.D. 2

THE SENATE OF THE STATE OF HAWAI'I

Date: April 10, 2018
Honolulu, Hawai'i 96813

We hereby certify that the foregoing Bill this day passed Third Reading in the
Senate of the Twenty-ninth Legislature of the State of Hawai'i, Regular Session of 2018.


President of the Senate


Clerk of the Senate