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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. The legislature finds that accelerating the  
2 development of renewable energy to reduce greenhouse gases is a  
3 high priority. The legislature has enacted numerous Acts to  
4 achieve this objective, including:

5           (1) Act 97, Session Laws of Hawaii 2015, which established  
6 a renewable energy portfolio standards target of one  
7 hundred per cent renewable electric energy by 2045;

8           (2) Act 15, Session Laws of Hawaii 2018, which established  
9 a statewide zero emissions clean economy target to  
10 sequester throughout the State more atmospheric carbon  
11 and greenhouse gases than emitted, as quickly as  
12 practicable but no later than 2045; and

13           (3) Act 23, Session Laws of Hawaii 2020, which prohibits  
14 the further use of coal in Hawaii for electricity  
15 production.

16 The legislature believes that the timely completion of renewable  
17 energy projects is also a high priority.



1           The legislature recognizes that in November 2020, the  
2 public utilities commission issued a letter to the parties in  
3 docket numbers 2015-0389, 2017-0352, and 2018-0165, stating that  
4 it "is markedly concerned that Hawaiian Electric [Company]'s  
5 interconnection processes and policies are increasing  
6 development costs and extending renewable project timelines".

7           In addition, in docket number 2018-0088 (Performance Based  
8 Regulation), the public utilities commission issued order  
9 number 37507 on December 23, 2020, indicating that the  
10 commission was concerned about interconnection delays and will  
11 implement a performance incentive mechanism to encourage  
12 Hawaiian Electric Company to accelerate the interconnection  
13 process. Order number 37507 also stated that "the scheduled  
14 retirement of the AES Power Plant in 2022, as well as [Hawaiian  
15 Electric Company, Inc.; Hawaii Electric Light Company, Inc.; and  
16 Maui Electric Company, Limited's] proposal to delay  
17 interconnecting several renewable energy and storage projects  
18 recently approved by the commission, underscores the need for  
19 expeditiously securing alternative sources of grid services to  
20 ensure that system needs are met".



1           The legislature notes that during procurement phase 1, all  
2 eight projects had delayed commercial operations dates relative  
3 to the commercial operations dates provided in each project's  
4 power purchase agreement. During procurement phase 2, eight of  
5 the eleven projects had delayed commercial operations dates  
6 relative to the commercial operations dates provided in each  
7 project's power purchase agreement. The public utilities  
8 commission has opened a docket, docket number 2021-0024, to  
9 review Hawaiian Electric Company's interconnection process and  
10 transition plans for retirement of fossil fuel plants.

11           The legislature further notes that Hawaiian Electric  
12 Company's significant delays in completing its interconnection  
13 process makes it difficult to plan for the design and  
14 construction of utility-scale renewable energy projects that  
15 require interconnection with Hawaiian Electric Company's  
16 electric grid.

17           The legislature further finds that facilitating the timely  
18 interconnection of utility-scale renewable energy projects will:

19           (1) Help to bring utility-scale renewable energy projects  
20           online sooner;



- 1           (2) Decrease electricity rates for consumers by providing
- 2                   project developers with added certainty regarding
- 3                   project timelines to lower bid pricing;
- 4           (3) Help to achieve the State's renewable portfolio
- 5                   standard goals in a timely manner; and
- 6           (4) Help to reduce greenhouse gas emissions and mitigate
- 7                   the effects of climate change sooner.

8           Accordingly, the purpose of this Act is to facilitate the  
9 timely interconnection of utility-scale renewable energy  
10 projects.

11           SECTION 2. Section 269-142, Hawaii Revised Statutes, is  
12 amended by amending subsections (a) and (b) to read as follows:

13           "(a) The commission [~~may~~] shall adopt, by rule or order,  
14 reliability standards and interconnection requirements.  
15 Reliability standards and interconnection requirements adopted  
16 by the commission shall apply to any electric utility and any  
17 user, owner, or operator of the Hawaii electric system. The  
18 commission shall not contract for the performance of the  
19 functions under this subsection to any other entity as provided  
20 under section 269-147.



1 (b) The commission [~~may~~] shall develop reliability  
 2 standards and interconnection requirements as it determines  
 3 necessary or upon recommendation from any entity, including an  
 4 entity contracted by the commission to serve as the Hawaii  
 5 electricity reliability administrator provided for under this  
 6 part, for the continuing reliable design and operation of the  
 7 Hawaii electric system. Any reliability standard or  
 8 interconnection requirement developed by the commission shall be  
 9 adopted by the commission in accordance with subsection (a) in  
 10 order to be effective. The commission shall not contract for  
 11 the performance of the functions under this subsection to any  
 12 other entity as provided under section 269-147."

13 SECTION 3. Section 269-145, Hawaii Revised Statutes, is  
 14 amended to read as follows:

15 "~~[+]§269-145[+]~~ **Grid access; procedures for**  
 16 **interconnection; dispute resolution.** (a) Each user, owner, or  
 17 operator of the Hawaii electric system, or any other person,  
 18 business, or entity seeking to make an interconnection on the  
 19 Hawaii electric system shall do so in accordance with procedures  
 20 to be established by the commission by rule or order.



1       (b) The commission shall establish interconnection  
2 procedures as follows:

3       (1) The commission shall include in any interconnection  
4 procedures established pursuant to this section  
5 requirements that the electric public utilities:

6       (A) Complete the interconnection design;  
7       (B) Reach agreement with the renewable energy project  
8 developer;

9       (C) File a request with the commission for  
10 interconnection or line extension approval, if  
11 required;

12       (D) Meet the requirements under subparagraphs (A)  
13 through (C) as soon as practicable;

14       (E) Meet timelines and deadlines as determined by the  
15 commission; and

16       (F) Submit interim reports to the commission on the  
17 status of the electric public utility's efforts  
18 to comply with the requirements of this  
19 subsection ninety days and one hundred eighty  
20 days after the renewable energy project power



1                   purchase agreement is filed with the commission  
2                   for review and approval;  
3       (2) If the electric public utility is unable to comply  
4           with the requirements of this subsection, the electric  
5           public utility shall report, in writing, the reasons  
6           for noncompliance to the commission within ten  
7           calendar days after the failure to meet timelines and  
8           deadlines established by the commission;  
9       (3) If the electric public utility fails to meet the  
10           requirements established by the commission pursuant to  
11           this subsection, the electric public utility shall  
12           forfeit and return all moneys or other financial  
13           incentives that the electric public utility has  
14           received as part of any performance incentive  
15           mechanism program or similar incentive-based award  
16           recognized by the commission in connection with the  
17           renewable energy project; and  
18       (4) The commission shall submit a report to the governor  
19           and legislature regarding any failure to meet the  
20           timing under this subsection by any electric public



1           utility within thirty days of the commission receiving  
2           notice of this failure;  
3   provided that this subsection shall only apply to utility-scale  
4   renewable energy projects that are five megawatts in total  
5   output capacity or larger, and to any community-based renewable  
6   energy project.

7           ~~[(b)]~~ (c) The commission shall have the authority to make  
8 final determinations regarding any dispute between any user,  
9 owner, or operator of the Hawaii electric system, or any other  
10 person, business, or entity connecting to the Hawaii electric  
11 system, concerning either an existing interconnection on the  
12 Hawaii electric system or an interconnection to the Hawaii  
13 electric system created under the processes established by the  
14 commission under this section."

15           SECTION 4. Section 269-146, Hawaii Revised Statutes, is  
16 amended by amending subsection (a) to read as follows:

17           "(a) The commission may require, by rule or order, that  
18 ~~[all]~~ any utilities, persons, businesses, or entities connecting  
19 to the Hawaii electric system, or any other user, owner, or  
20 operator of any electric element that is a part of an  
21 interconnection on the Hawaii electric system ~~[shall]~~ pay a





1 surcharge that shall be collected by Hawaii's electric  
2 utilities. The commission shall not contract or otherwise  
3 delegate the ability to create the Hawaii electricity  
4 reliability surcharge under this section to any other entity.  
5 This surcharge amount shall be known as the Hawaii electricity  
6 reliability surcharge."

7 SECTION 5. Statutory material to be repealed is bracketed  
8 and stricken. New statutory material is underscored.

9 SECTION 6. This Act shall take effect on July 1, 2100.

10



**Report Title:**

Renewable Energy; Reliability Standards; Interconnection  
Requirements; PUC

**Description:**

Requires the Public Utilities Commission to establish  
reliability standards and interconnection requirements for  
renewable energy projects and community-based renewable energy  
projects. Effective 7/1/2100. (HD1)

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

