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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 prohibited  
14 the further use of coal in Hawaii for electricity  
15 production.

16 The legislature believes that the development and completion of  
17 renewable energy 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 number  
9 37507 on December 23, 2020, indicating that the commission was  
10 concerned about interconnection delays and will implement a  
11 performance incentive mechanism to encourage Hawaiian Electric  
12 Company to accelerate the interconnection process. Order number  
13 37507 also stated that "the scheduled retirement of the AES  
14 Power Plant in 2022, as well as [Hawaiian Electric Company,  
15 Inc.; Hawaii Electric Light Company, Inc.; and Maui Electric  
16 Company, Limited's] proposal to delay interconnecting several  
17 renewable energy and storage projects recently approved by the  
18 [public utilities c]ommission, 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. The  
11 legislature also believes that these delays, coupled with the  
12 retiring of the AES Coal Plant, may cause grid reliability  
13 issues.

14       The legislature further finds that there have been  
15 significant delays for Hawaiian Electric Company to complete its  
16 interconnection process, making it difficult to plan for the  
17 design and construction of utility-scale renewable energy  
18 projects that require interconnection with Hawaiian Electric  
19 Company's electric grid.

20       The legislature finds that facilitating the timing of  
21 interconnection will:



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

Accordingly, the purpose of this Act is to require the public utilities commission to develop and adopt reliability standards and interconnection requirements to facilitate the timely interconnection of utility-scale renewable energy projects.

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

"(a) The commission [~~may~~] shall adopt, by rule or order, reliability standards and interconnection requirements.

Reliability standards and interconnection requirements adopted by the commission shall apply to any electric utility and any user, owner, or operator of the Hawaii electric system. The



1 commission shall not contract for the performance of the  
2 functions under this subsection to any other entity as provided  
3 under section 269-147.

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

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

18 "[~~§~~269-145~~§~~] **Grid access; procedures for**  
19 **interconnection; dispute resolution.** (a) Each user, owner, or  
20 operator of the Hawaii electric system, or any other person,  
21 business, or entity seeking to make an interconnection on the



1 Hawaii electric system shall do so in accordance with procedures  
2 to be established by the commission by rule or order.

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

6 (1) Complete the interconnection design;

7 (2) Reach agreement with the renewable energy project  
8 developer; and

9 (3) File a request for interconnection or line extension  
10 approval, if required;

11 provided that the electric public utilities shall meet these  
12 requirements as soon as practicable, but no later than two  
13 hundred seventy days after the renewable energy project power  
14 purchase agreement is filed with the commission for review and  
15 approval; provided further that the electric public utility  
16 shall submit interim reports to the commission on the status of  
17 the electric public utility's efforts to comply with the  
18 requirements of this subsection both ninety days and one hundred  
19 eighty days after the renewable energy project power purchase  
20 agreement is filed with the commission for review and approval;  
21 and provided further that if the electric public utility is



1 unable to comply with the requirements of this clause, the  
2 electric public utility shall report in writing the reasons  
3 therefore to the commission within ten calendar days after the  
4 expiration of the two hundred seventy-day period.

5 If the electric public utility fails to meet the  
6 requirements established by the commission pursuant to this  
7 subsection within the two hundred seventy-day period, the  
8 electric public utility shall forfeit and return all monies or  
9 other financial incentives that the electric public utility has  
10 received as part of any performance incentive mechanism program  
11 or similar incentive-based award recognized by the commission in  
12 connection with the renewable energy project; provided that the  
13 commission shall submit a report to the governor and legislature  
14 regarding any failure to meet the timing under this subsection  
15 by any electric public utility within thirty days of the  
16 commission receiving notice of this failure; provided further  
17 that upon the filing of a request for interconnection or line  
18 extension approval by an electric public utility under this  
19 subsection, the commission shall either approve or disapprove  
20 the request within one hundred twenty days of the filing of the  
21 request.



1        This subsection shall only apply to utility-scale renewable  
2 energy projects that are five megawatts in total output capacity  
3 or larger.

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

12        SECTION 4. Section 269-146, Hawaii Revised Statutes, is  
13 amended by amending subsection (d) to read as follows:

14        "(d) The commission ~~[may]~~ shall allow an electric utility  
15 to recover appropriate and reasonable costs ~~[under the Hawaii~~  
16 ~~electricity reliability surcharge]~~, as determined by the  
17 commission, for any interconnection to the Hawaii electric  
18 system, including interconnection studies and other analysis  
19 associated with studying the impact or necessary infrastructure  
20 and operational requirements needed to reliably interconnect a  
21 generator[, ~~as well as from electric utility customers through a~~



1 ~~surcharge or assessment subject to review and approval by the~~  
2 ~~commission under section 269-16]."~~

3 SECTION 5. Section 269-147, Hawaii Revised Statutes, is  
4 amended by amending subsection (a) to read as follows:

5 "(a) The commission [~~may~~] shall contract for the  
6 performance of its functions under this part with a person,  
7 business, or organization, except for a public utility as  
8 defined under this chapter, that will serve as the Hawaii  
9 electricity reliability administrator provided for under this  
10 part; provided that the commission shall not contract for the  
11 performance of its functions under sections 269-142(a) and (b)  
12 and 269-146."

13 SECTION 6. Section 269-149, Hawaii Revised Statutes, is  
14 amended to read as follows:

15 "[~~+~~]**\$269-149[+]** **Funding; reporting.** (a) The Hawaii  
16 electricity reliability administrator shall use funds collected  
17 through the Hawaii electricity reliability surcharge provided  
18 for under section 269-146 to carry out its operations, including  
19 administrative, technological, or other related requirements for  
20 effectively ensuring the reliability of the Hawaii electric  
21 system.



1 (b) The Hawaii electricity reliability administrator shall  
2 report to the commission each year on the date of agreement  
3 under section 269-147 following the original contracting between  
4 the Hawaii electricity reliability administrator and the  
5 commission on the status of its operations, financial position,  
6 and a projected operational budget for the fiscal year following  
7 the date of the report.

8 (c) The Hawaii electricity reliability administrator shall  
9 be subject to regulation by the commission under any provision  
10 applicable to a public utility in sections 269-7, 269-8,  
11 269-8.2, 269-8.5, 269-9, 269-10, 269-13, 269-15, 269-19.5, and  
12 269-28. Notwithstanding any other provision of law to the  
13 contrary, the Hawaii electricity reliability administrator shall  
14 not be an electric public utility or an electric public utility  
15 affiliate.

16 (d) Within thirty days of receipt of the Hawaii electric  
17 reliability administrator's report submitted to the commission  
18 pursuant to this section, the commission shall submit to the  
19 legislature the report and the commission's assessment of the  
20 status and progress of the Hawaii electric reliability



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1 administrator in achieving and accomplishing the objectives of  
2 this part."

3 SECTION 7. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5 SECTION 8. This Act shall take effect upon its approval.

6

INTRODUCED BY:



JAN 20 2022



# H.B. NO. 1612

**Report Title:**

PUC; Renewable Energy; Transmission Lines; Timely  
Interconnection

**Description:**

Requires the Public Utilities Commission to develop and adopt reliability standards and interconnection requirements to facilitate the timely interconnection of utility-scale renewable energy projects.

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

