
A BILL FOR AN ACT

RELATING TO ENERGY INTERCONNECTION.

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

1 SECTION 1. The legislature finds that Hawaii electric
2 utilities currently invest in grid infrastructure based on the
3 assumption that one hundred per cent of the estimated customer
4 load from new home and commercial developments will be served by
5 the electrical grid. Nonetheless, a significant portion of
6 electrical demand from new developments will be addressed
7 through onsite distributed energy resources, such as rooftop
8 solar systems, or through energy efficiency and other similar
9 measures. The failure to account for distributed energy
10 resources or energy efficiency in utility planning around new
11 developments may result in ratepayers paying for large capital
12 expenditures to build unnecessary or underutilized grid
13 infrastructure.

14 The legislature further finds that the failure to encourage
15 planning and deployment of distributed energy resources and
16 similar measures may miss a significant opportunity to advance
17 clean energy goals and reduce greenhouse gas emissions at the



1 time of construction. This includes the opportunity to design
2 and build more climate resilient homes and communities, and
3 better leverage the ability of customer-sited distributed energy
4 resources to provide grid and other services that reduce
5 ratepayer costs. Encouraging appropriate planning would likely
6 provide socio-economic and environmental benefits to all Hawaii
7 residents and businesses, as well as reduce unnecessary utility
8 spending that could result in higher electricity rates.

9 The legislature declares that it is the policy of this
10 State that electric utilities must develop electricity load
11 management plans that integrate and leverage the capabilities of
12 distributed energy resources and energy efficiency to reduce the
13 need for utility expenditures on distribution, transmission, and
14 other utility infrastructure prior to interconnecting any new
15 residential, commercial, or industrial development that requires
16 the construction of utility infrastructure in excess of a
17 threshold determined by the public utilities commission.

18 Accordingly, the purpose of this Act to direct the public
19 utilities commission to adopt guidelines that require electric
20 utilities to develop electricity load management plans that
21 integrate and leverage the capabilities of distributed energy



1 resources and energy efficiency to reduce the need for utility
2 expenditures on distribution, transmission, and other utility
3 infrastructure before interconnecting any new residential,
4 commercial, or industrial development that requires the
5 construction of utility infrastructure in excess of a threshold
6 determined by the commission.

7 SECTION 2. Section 269-142, Hawaii Revised Statutes, is
8 amended to read as follows:

9 "[+]§269-142[+] Reliability standards; interconnection
10 requirements; adoption and development; force and effect. (a)
11 The commission may adopt, by rule or order, reliability
12 standards and interconnection requirements. Reliability
13 standards and interconnection requirements adopted by the
14 commission shall apply to any electric utility and any user,
15 owner, or operator of the Hawaii electric system. The
16 commission shall not contract for the performance of the
17 functions under this subsection to any other entity as provided
18 under section 269-147.

19 (b) The commission may develop reliability standards and
20 interconnection requirements as it determines necessary or upon
21 recommendation from any entity, including an entity contracted



1 by the commission to serve as the Hawaii electricity reliability
2 administrator provided for under this part, for the continuing
3 reliable design and operation of the Hawaii electric system.

4 Any reliability standard or interconnection requirement
5 developed by the commission shall be adopted by the commission
6 in accordance with subsection (a) in order to be effective. The
7 commission shall not contract for the performance of the
8 functions under this subsection to any other entity as provided
9 under section 269-147.

10 (c) The commission shall have jurisdiction over matters
11 concerning interconnection requirements and interconnections
12 located in the State between electric utilities, any user,
13 owner, or operator of the Hawaii electric system, or any other
14 person, business, or entity connecting to the Hawaii electric
15 system or otherwise applying to connect generation or equipment
16 providing ancillary services to, or operate generation and
17 equipment providing ancillary services in parallel with the
18 Hawaii electric system under processes established in accordance
19 with section 269-145. Nothing in this subsection is intended to
20 give the commission general supervision authority over any user,
21 owner, or operator of the Hawaii electric system or any other



1 person, business, or entity that is not a public utility as
2 defined in section 269-1.

3 (d) The commission shall adopt, by rule or order,
4 guidelines applicable to interconnection applications for new
5 developments that would trigger distribution, transmission, or
6 other utility infrastructure upgrade costs in excess of a
7 threshold determined by the commission. In adopting these
8 guidelines, the commission shall:

9 (1) Require that electric utilities implement an approved
10 load management plan before interconnecting any new
11 residential, commercial, or industrial development
12 that an interconnection study or other applicable
13 study indicates the interconnection application would
14 trigger distribution, transmission, or other utility
15 infrastructure upgrade costs in excess of a threshold
16 determined by the commission; and

17 (2) Establish requirements for the development of load
18 management plans by an electric utility for any
19 interconnection application that would trigger grid
20 infrastructure upgrade costs in excess of a threshold



1 determined by the commission. The requirements shall
2 include at a minimum:

3 (A) Directives for studying and integrating customer-
4 sited distributed energy resources and energy
5 efficiency into load management plans;

6 (B) Criteria to be used by the commission when
7 approving or denying a proposed load management
8 plan, including but not limited to the potential
9 for the load management plan to defer or avoid
10 infrastructure upgrade costs;

11 (C) A process for determining whether multiple
12 interconnection applications should otherwise be
13 deemed a single interconnection application for
14 the purposes of this paragraph; and

15 (D) A maximum amount of time within which the
16 interconnecting electric utility shall be
17 required to submit a load management plan to the
18 commission and the time within which the
19 commission shall review and issue a determination
20 for the load management plan.



1 The commission may approve a request for cost recovery
2 through a commission-approved mechanism by an electric utility
3 that elects to develop and implement a load management plan in
4 accordance with the guidance developed by the commission
5 pursuant to this subsection for any costs expended to
6 interconnect an applicant for which the interconnection or other
7 applicable study indicates the interconnection application would
8 trigger distribution, transmission, or other utility
9 infrastructure upgrade costs in excess of a threshold determined
10 by the commission."

11 SECTION 3. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 4. This Act shall take effect on July 1, 2050.



Report Title:

Public Utilities Commission; Guidelines; Energy Utilities;
Interconnection Applications; Load Management Plans

Description:

Directs the Public Utilities Commission to adopt guidelines for interconnection applications that would trigger distribution, transmission, or other utility infrastructure upgrade costs in excess of a threshold determined by the Commission. Effective 7/1/2050. (SD1)

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