
A BILL FOR AN ACT

RELATING TO PUBLIC UTILITIES.

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

1 SECTION 1. The legislature finds that Hawaii is especially
2 vulnerable to the volatility in global oil markets. In November
3 2007, oil prices reached \$100 per barrel. Electric utilities
4 will shift these high fuel costs to electric utility consumers
5 in the form of higher electric utility rates. For example,
6 residential electric rates on Kauai could reach as high as 50
7 cents per kilowatt hour.

8 The legislature intends the amendments made by this Act to
9 the net energy metering law to signal to the public that
10 electricity generated by residential and commercial customer-
11 generators should play a significant role in the State's net
12 energy metering effort.

13 The purpose of this Act is to enhance Hawaii's energy and
14 economic security and reduce its vulnerability to fluctuating
15 fuel prices related to electricity generation by removing
16 barriers to the development of solar electric resources and
17 increasing the accessibility of net energy metering.



1 SECTION 2. Section 269-101, Hawaii Revised Statutes, is
2 amended to read as follows:

3 **§269-101 Definitions.** As used in this part:

4 "Eligible customer-generator" means a metered residential
5 or commercial customer, including a government entity, of an
6 electric utility [~~who~~], which customer owns and operates,
7 leases, or purchases electricity from a solar, wind turbine,
8 biomass, or hydroelectric energy generating facility, or a
9 hybrid system consisting of two or more of these facilities,
10 that is:

- 11 (1) Located on the customer's premises;
- 12 (2) Operated in parallel with the utility's transmission
13 and distribution facilities;
- 14 (3) In conformance with the utility's interconnection
15 requirements; and
- 16 (4) Intended primarily to offset part or all of the
17 customer's own electrical requirements.

18 "Net energy metering" means measuring the difference
19 between the electricity supplied through the electric grid and
20 the electricity generated by an eligible customer-generator and
21 fed back to the electric grid over a monthly billing period;
22 provided that:



- 1 (1) Net energy metering shall be accomplished using a
2 single meter capable of registering the flow of
3 electricity in two directions;
- 4 (2) An additional meter or meters to monitor the flow of
5 electricity in each direction may be installed with
6 the consent of the customer-generator, at the expense
7 of the electric utility, and the additional metering
8 shall be used only to provide the information
9 necessary to accurately bill or credit the customer-
10 generator, or to collect solar, wind turbine, biomass,
11 or hydroelectric energy generating system performance
12 information for research purposes;
- 13 (3) If the existing electrical meter of an eligible
14 customer-generator is not capable of measuring the
15 flow of electricity in two directions, the electric
16 utility shall be responsible for all expenses involved
17 in purchasing and installing a meter that is able to
18 measure electricity flow in two directions;
- 19 (4) If an additional meter or meters are installed, the
20 net energy metering calculation shall yield a result
21 identical to that of a single meter; [~~and~~]



1 (5) An eligible customer-generator who already owns an
2 existing solar, wind turbine, biomass, or
3 hydroelectric energy generating facility, or a hybrid
4 system consisting of two or more of these facilities,
5 is eligible to receive net energy metering service in
6 accordance with this part~~[-]~~; and

7 (6) The electric utility shall not unreasonably deny,
8 burden, or delay net energy metering services upon
9 request by an eligible customer-generator of the
10 electric utility."

11 SECTION 3. Section 269-101.5, Hawaii Revised Statutes, is
12 amended to read as follows:

13 "[~~§~~]**269-101.5**[~~]~~ **Maximum capacity of eligible customer-**
14 **generator.** The eligible customer-generator shall have a
15 capacity of not more than [~~fifty~~] two hundred and fifty
16 kilowatts[+] in 2008, five hundred kilowatts in 2009, and one
17 megawatt thereafter; provided that the public utilities
18 commission may increase the maximum allowable capacity that
19 eligible customer-generators may have to an amount greater than
20 [~~fifty kilowatts~~] these amounts by rule or order."

21 SECTION 4. Section 269-102, Hawaii Revised Statutes, is
22 amended to read as follows:



1 **"§269-102 Standard contract or tariff; rate structure.**

2 (a) Every electric utility shall develop a standard contract or
3 tariff providing for net energy metering and shall make this
4 contract available to all eligible customer-generators~~[7]~~ ten
5 kilowatts or less, and to all other eligible customer generators
6 above ten kilowatts upon request, on a first-come-first-served
7 basis until the time that the total rated generating capacity
8 produced by eligible customer-generators equals ~~[-5]~~ one per
9 cent of the electric utility's system peak demand~~[7]~~ in 2008,
10 two per cent of the electric utility's system peak demand in
11 2009, and five per cent of the electric utility's system peak
12 demand in 2010; provided that the public utilities commission
13 may ~~[increase,]~~ modify by rule or order, the total rated
14 generating capacity produced by eligible customer-generators [~~to~~
15 ~~an amount above .5 per cent of the electric utility's system~~
16 ~~peak demand.~~], based on independent evaluation of the costs and
17 benefits of net energy metering to participating customers and
18 nonparticipating customers.

19 (b) Each net energy metering contract or tariff shall be
20 identical, with respect to rate structure, to the contract or
21 tariff to which the same customer would be assigned if the
22 customer was not an eligible customer-generator. The charges



1 for all retail rate components for eligible customer-generators
2 shall be based exclusively on the eligible customer-generator's
3 net kilowatt-hour consumption over a monthly billing period.
4 Any new or additional demand charge, standby charge, customer
5 charge, minimum monthly charge, interconnection charge, or other
6 charge that would increase an eligible customer-generator's
7 costs beyond those of other customers in the rate class to which
8 the eligible customer-generator would otherwise be assigned are
9 contrary to the intent of this section, and shall not form a
10 part of net energy metering contracts or tariffs.

11 ~~[(c) The public utilities commission may amend the rate~~
12 ~~structure or standard contract or tariff by rule or order.]"~~

13 SECTION 5. Section 269-104, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "**§269-104 Additional customer-generators.** Notwithstanding
16 section 269-102, an electric utility ~~[is not obligated]~~ may
17 choose to provide net energy metering to additional customer-
18 generators above ten kilowatts in its service area when the
19 combined total peak generating capacity of all eligible
20 customer-generators served by all the electric utilities in that
21 service area furnishing net energy metering to eligible
22 customer-generators equals ~~[.5 per cent of the system peak~~



1 ~~demand of those electric utilities,]~~ the limitations specified
2 in section 269-102(a); provided that the public utilities
3 commission may [~~increase,~~] modify, by rule or order, the
4 allowable percentage of the electric utility's system peak
5 demand produced from eligible customer-generators in the
6 electric utility's service area, whereupon the electric utility
7 will be obligated to provide net energy metering to additional
8 eligible customer-generators in that service area up to the
9 increased percentage amount."

10 SECTION 6. Section 269-105, Hawaii Revised Statutes, is
11 amended to read as follows:

12 "**§269-105 Calculation.** The net energy metering
13 calculation shall be made by measuring the difference between
14 the electricity supplied to the eligible customer-generator and:

15 (1) The electricity generated by the eligible customer-
16 generator and fed back to the electric grid over a
17 monthly billing period; and

18 (2) Any unused kilowatt-hour credits for excess
19 electricity from the eligible customer-generator
20 carried over from previous months since the last
21 twelve-month reconciliation period."



1 SECTION 7. Section 269-106, Hawaii Revised Statutes, is
2 amended to read as follows:

3 **"§269-106 Billing periods; twelve-month reconciliation.**

4 (a) Billing of net energy metering customers shall be on a
5 monthly basis; provided that the last monthly bill for each
6 twelve-month period shall reconcile for that twelve-month period
7 the net electricity provided by the electric utility with:

8 (1) The electricity generated by the eligible customer-
9 generator and fed back to the electric grid over the
10 monthly billing period; and

11 (2) Any unused kilowatt-hour credits for excess
12 electricity from the eligible customer-generator
13 carried over from prior months since the last twelve-
14 month reconciliation period.

15 (b) [~~Credits~~] Kilowatt-hour credits for excess electricity
16 from the eligible customer-generator that remain unused after
17 each twelve-month reconciliation period may not be carried over
18 to the next twelve-month period."

19 SECTION 8. Section 269-107, Hawaii Revised Statutes, is
20 amended to read as follows:



1 **"§269-107 Net electricity consumers.** At the end of each
2 monthly billing period, where the electricity supplied during
3 the period by the electric utility exceeds:

4 (1) The electricity generated by the eligible customer-
5 generator during that same period; and

6 (2) Any unused kilowatt-hour credits for excess
7 electricity from the eligible customer-generator
8 carried over from prior months since the last twelve-
9 month reconciliation period,

10 the eligible customer-generator is a net electricity consumer
11 and the electric utility shall be owed compensation for the
12 eligible customer-generator's net kilowatt-hour consumption over
13 that same period. The compensation owed for the eligible
14 customer-generator's net monthly kilowatt-hour consumption shall
15 be calculated at the retail rate of the rate class the customer
16 is normally assigned to."

17 SECTION 9. Section 269-108, Hawaii Revised Statutes, is
18 amended to read as follows:

19 **"§269-108 Net electricity producers; excess electricity**
20 **credits and credit carry over.** At the end of each monthly
21 billing period, where the electricity generated by the eligible
22 customer-generator during the month exceeds the electricity



1 supplied by the electric utility during that same period, the
2 eligible customer-generator is a net electricity producer and
3 the electric utility shall retain any excess kilowatt-hours
4 generated during the prior monthly billing period; provided that
5 the excess electricity generated by the customer-generator, if
6 any, in each monthly billing period shall be carried over to the
7 next month as a [~~monetary~~] kilowatt-hour value to the credit of
8 the eligible customer-generator, which credit may accumulate and
9 be used to offset the compensation owed the electric utility for
10 the eligible customer-generator's net kilowatt-hour consumption
11 for succeeding months within each twelve-month period; provided
12 further that the electric utility shall reconcile the eligible
13 customer-generator's electricity production and consumption for
14 each twelve-month period as set forth in section 269-106. The
15 eligible customer-generator shall not be owed any compensation
16 for excess kilowatt-hours unless the electric utility enters
17 into a purchase agreement with the eligible customer-generator
18 for those excess kilowatt-hours."

19 SECTION 10. Section 269-111, Hawaii Revised Statutes, is
20 amended to read as follows:

21 "**§269-111 Safety and performance standards.** (a) A solar,
22 wind turbine, biomass, or hydroelectric energy generating



1 system, or a hybrid system consisting of two or more of these
2 facilities, used by an eligible customer-generator shall meet
3 all applicable safety and performance standards established by
4 the National Electrical Code, the Institute of Electrical and
5 Electronics Engineers, and accredited testing laboratories such
6 as the Underwriters Laboratories and, where applicable, rules of
7 the public utilities commission regarding safety and
8 reliability.

9 (b) For systems of ten kilowatts or less, an eligible
10 customer-generator whose solar, wind turbine, biomass, or
11 hydroelectric energy generating system, or whose hybrid system
12 consisting of two or more of these facilities, meets the
13 standards and rules under subsection (a) shall not be required
14 to install additional controls, perform or pay for additional
15 tests, or purchase additional liability insurance.

16 (c) For eligible customer-generator systems of greater
17 than ten kilowatts, the commission, either through decision and
18 order, by tariff adoption, or by rule, shall:

19 (1) Set forth safety, performance, and reliability
20 standards and requirements; and

21 (2) Establish the qualifications for exemption from a
22 requirement to install additional controls, perform or



1 pay for additional tests, or purchase additional
2 liability insurance.

3 (d) The public utilities commission shall initiate
4 rulemaking proceedings by September 1, 2008, to adopt best
5 practices interconnection standards for solar, wind turbine,
6 biomass, or hydroelectric energy generating facilities. No
7 later than September 1, 2009, the commission shall adopt rules
8 pursuant to chapter 91 that incorporate best practices
9 interconnection standards. Upon adoption, the standards shall
10 become the interconnection requirements of each utility subject
11 to the authority of the commission. As part of the rulemaking
12 process, the commission shall consider interconnection standards
13 adopted within the previous twenty-four months by other states,
14 standards promulgated by the United States Federal Energy
15 Regulatory Commission, and model standards developed by
16 nonprofit organizations with the primary purpose of promoting
17 renewable energy."

18 SECTION 11. This Act does not affect rights and duties
19 that matured, penalties that were incurred, and proceedings that
20 were begun, before its effective date.

21 SECTION 12. Statutory material to be repealed is bracketed
22 and stricken. New statutory material is underscored.

1 SECTION 13. This Act shall take effect on June 1, 2025.



Report Title:

Public Utilities; Net Energy Metering

Description:

Increases that portion of an electric utility's total rated generating capacity produced by eligible customer-generators. Increases the maximum capacity of an eligible customer-generator. Requires the public utilities commission to adopt rules that incorporate best practices interconnection standards. Effective 6/1/2025. (HB2550 HD2)

