

# S.B. NO. 2985

JAN 22 2008

---

## A BILL FOR AN ACT

RELATING TO PHOTOVOLTAIC SYSTEMS FOR PAY AS YOU SAVE.

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

1 SECTION 1. Act 240, Session Laws of Hawaii 2006, is amended  
2 by amending section 13 to read as follows:

3 "SECTION 13. **Solar [water heating] pay as you save program;**  
4 **purpose; establishment; tariff filing.** (a) Solar water heating  
5 systems are a renewable energy technology that uses solar  
6 collectors placed on roofs to heat water. [These] Photovoltaic  
7 systems use solar collectors to generate electricity. Solar  
8 water heating systems decrease reliance on imported oil used to  
9 generate electricity to heat water because they use less energy  
10 than the electric hot water heating systems replaced.  
11 Photovoltaic systems also decrease reliance on imported oil by  
12 generating electricity on site for residential use.

13 The legislature finds that the up-front cost of installation  
14 is a barrier preventing many Hawaii residents from installing  
15 solar water heating systems[-] and photovoltaic systems. The  
16 legislature further finds that the renewable energy technologies  
17 income tax credit and electric utility rebates have not been  
18 enough of an incentive to overcome these up-front costs,

1 especially for rental housing and homes in need of retrofit for  
2 these important energy-saving devices.

3 The purpose of this section is to authorize the public  
4 utilities commission to implement a pilot project to be called  
5 the "solar [~~water heating~~] pay as you save program".

6 (b) The public utilities commission shall implement a pilot  
7 project to be called the "solar [~~water heating~~] pay as you save  
8 program", which shall:

9 (1) Allow a residential electric utility customer to  
10 purchase a solar water heating or photovoltaic system  
11 [~~+~~]or both systems:

12 (A) With no upfront payments; and

13 (B) By paying the cost of the system or systems over  
14 time on the customer's electricity bill;

15 provided that the estimated life cycle electricity  
16 savings from the solar [~~water heating~~] system or  
17 systems exceeds the cost of the system;

18 (2) Provide for billing and payment of the solar [~~water~~  
19 ~~heating~~] system or systems on the utility bill;

20 (3) Provide for disconnection of utility service for non-  
21 payment of the solar [~~water heating~~] system or systems  
22 pay as you save payments; and

1           (4) Allow for assignment of system or systems repayment  
2           costs attached to the meter location.

3           (c) The public utilities commission shall determine the  
4 time frame of the pilot program and shall gather and analyze  
5 information to evaluate the pilot program.

6           (d) No later than June 30, [~~2007~~]2009, each electric  
7 utility shall implement by tariff a pay as you save model system  
8 program for residential consumers that is consistent with this  
9 section. Each utility shall provide at least six months prior  
10 notice of its proposed tariff to the public utilities commission  
11 as prescribed in section 269-12(b), Hawaii Revised Statutes.  
12 Within the prescribed notice period, the public utilities  
13 commission shall review the proposed tariff and after a hearing  
14 may require modifications to the proposed tariff as necessary to  
15 comply with or effectuate the purposes of this section.

16           (e) The commission shall ensure that all reasonable costs  
17 incurred by electric utilities to start up and implement the pay  
18 as you save model system are recovered as part of the utility's  
19 revenue requirement, including necessary billing system  
20 adjustments and any costs for pay as you save model system  
21 efficiency measures that are not recovered via participating

S . B . N O . 2985

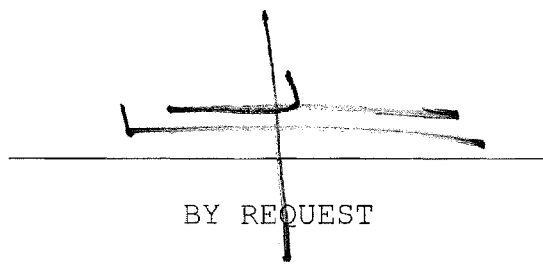
1 residential consumers' pay as you save model system bill payments  
2 or otherwise."

3 SECTION 2. Statutory material to be repealed is bracketed  
4 and stricken. New statutory material is underscored.

5 SECTION 3. This Act shall take effect upon its approval.

6  
7  
8  
9

INTRODUCED BY:

  
BY REQUEST

**Report Title:**

Energy Conservation; Pay As You Save.

**Description:**

Expands the successful "Pay As You Save" solar water heater program to photovoltaic systems that convert sunshine into electricity, allowing users to pay each month through their electricity bill.

## JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO PHOTOVOLTAIC SYSTEMS FOR PAY AS YOU SAVE.

PURPOSE: Expands the successful "Pay As You Save" solar water heater program to photovoltaic systems that convert sunshine into electricity, allowing users to pay each month through their electricity bill.

MEANS: Amend Section 13 of Act 240, Session Laws of Hawaii 2006.

JUSTIFICATION: Photovoltaic systems use the sun to generate electricity for direct use by the home owner. With the rising cost of electricity, photovoltaic systems, using the Pay as You Save program, will allow home owners to purchase and install photovoltaic systems to reduce their monthly utility bills by amortizing payments on a monthly basis. As with solar water heating, the upfront costs can be prohibitive for home owners. With Pay as You Save, these costs can be spread over time and make photovoltaic systems accessible to home owners. Photovoltaic systems are an off-the-shelf and readily available technology that uses solar energy to reduce the State's dependence on fossil fuel.

Impact on the public: Since this proposal will not require a home owner to pay the full upfront cost to purchase and install a residential photovoltaic system, we anticipate that the proposal will be an attractive option to participants. By spreading the cost over time to purchase and install photovoltaic systems, we anticipate that more systems will be installed. It is difficult to estimate the number of participants for such a program.

Impact on the department and other agencies:  
The inclusion of photovoltaic systems as part of Pay as You Save will be reviewed by the Public Utilities Commission and the Consumer Advocate. It is not anticipated that DBEDT will participate in the PUC's review.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM  
DESIGNATION: BED-120.

OTHER AFFECTED  
AGENCIES: Public Utilities Commission; Department of Commerce and Consumer Affairs, Consumer Advocate.

EFFECTIVE DATE: Upon approval.