
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 net energy metering
2 is uniquely helpful to Hawaii's homeowners and business owners
3 because it allows them to fully hedge their future power costs
4 and to know their future energy costs with certainty.

5 The legislature finds that net energy metering should
6 persist even after the public utilities commission has
7 established alternative compensation systems such as the feed in
8 tariff because net energy metering serves a different need in
9 the renewable energy marketplace.

10 The legislature finds that there is no technical
11 justification for setting net energy metering project size
12 limits at the current statutory maximum of fifty kilowatts.
13 This is evidenced by the public utilities commission's recent
14 decision to allow feed in tariff projects as large as five
15 megawatts without reference to the type of circuit to which they
16 are interconnected. It is also evidenced by the Hawaiian
17 Electric Company, Inc. and its affiliates (HECO Companies),

1 proposals for systems that range from up to five hundred
2 kilowatts in the feed in tariff docket to two megawatts in the
3 public utilities host docket. The legislature further finds
4 that the HECO Companies already have a process in place to
5 manage reliability issues associated with distributed generation
6 via its Rule 14H. Because all net energy metered systems are
7 distributed systems, Rule 14H provides a limit on the level of
8 net energy metering penetration that is intended to engineer out
9 technical problems caused by distributed energy systems.

10 In conclusion, the legislature finds that net energy
11 metering should be perpetuated irrespective of the eventual
12 introduction and uptake level of feed in tariff systems. The
13 existence of feed in tariffs does not in any way constitute a
14 justification for eliminating or reducing net energy metering.
15 The legislature further finds that no changes to procurement
16 rules or options can justify transferring customer-generators
17 with net energy metering contracts off of those contracts.
18 Customer-generators with net energy metering contracts should
19 not be removed against their will from those contracts during
20 the term of the contracts. Finally, the legislature finds that
21 this Act applies only to investor-owned utilities.

1 SECTION 2. Chapter 269, part VI, Hawaii Revised Statutes,
2 is amended by adding a new section to be appropriately
3 designated and to read as follows:

4 "§269- Administrative efficiency. The utility shall not
5 unreasonably deny, burden, or delay net energy metering service
6 that is requested by an eligible customer-generator of the
7 utility."

8 SECTION 3. Section 269-101, Hawaii Revised Statutes, is
9 amended by:

10 1. Adding two new definitions to be appropriately inserted
11 and to read as follows:

12 ""Net surplus customer-generator" means an eligible
13 customer-generator who has generated excess electricity, as
14 determined by the net energy metering calculation in section
15 269-105, at the end of the eligible customer-generator's
16 twelve-month reconciliation period.

17 "Net surplus electricity compensation rate" means the rate
18 established for exported energy under the feed-in tariff for
19 that project size."

20 2. By amending "eligible customer-generator" to read as
21 follows:

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

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

14 SECTION 4. Section 269-101.5, Hawaii Revised Statutes, is
15 amended to read as follows:

16 "~~§269-101.5~~ **Maximum capacity of eligible customer-**
17 **generator.** The eligible customer-generator shall have a
18 capacity of not more than ~~[fifty kilowatts,]~~ two megawatts;
19 provided that the public utilities commission may increase the
20 maximum allowable capacity that eligible customer-generators may
21 have to an amount greater than ~~[fifty kilowatts]~~ two megawatts
22 by rule or order."

1 SECTION 5. Section 269-102, Hawaii Revised Statutes, is
2 amended by amending subsection (a) to read as follows:

3 "(a) Every electric utility shall develop a standard
4 contract or tariff providing for net energy metering and shall
5 make this contract available to eligible customer-generators,
6 upon request, on a first-come-first-served basis until the time
7 that the total rated generating capacity produced by eligible
8 customer-generators [~~equals .5 per cent of the electric~~
9 ~~utility's system peak demand,~~] on a distribution feeder reaches
10 fifteen per cent of that distribution feeder's penetration level
11 or the penetration level that triggers additional technical
12 study, as determined by the public utilities commission by rule
13 or order, whichever is higher; provided that [the]:

14 (1) The public utilities commission may modify, by rule or
15 order, the total rated generating capacity produced by
16 eligible customer-generators; [~~provided further that~~
17 the] and

18 (2) The public utilities commission shall ensure that a
19 percentage of the total rated generating capacity
20 produced by eligible customer-generators shall be
21 reserved for electricity produced by eligible
22 residential or small commercial customer-generators.

1 The public utilities commission may define, by rule or
2 order, the maximum capacity for eligible residential or small
3 commercial customer-generators. Notwithstanding the generating
4 capacity requirements of this subsection, the public utilities
5 commission may evaluate, on an island-by-island basis, the
6 applicability of the generating capacity requirements of this
7 subsection and, in its discretion, may exempt an island or a
8 utility grid system from the generating capacity requirements."

9 SECTION 6. Section 269-104, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "**§269-104 Additional customer-generators.** Notwithstanding
12 section 269-102, an electric utility is not obligated to provide
13 net energy metering to additional customer-generators in its
14 service area when the combined total peak generating capacity of
15 all eligible customer-generators served by all the electric
16 utilities in that service area furnishing net energy metering to
17 eligible customer-generators [~~equals .5 per cent of the system~~
18 ~~peak demand of those electric utilities;~~] on a distribution
19 feeder reaches fifteen per cent of that distribution feeder's
20 penetration level or the penetration level that triggers
21 additional technical study, as determined by the public
22 utilities commission by rule or order, whichever is higher;

1 provided that the public utilities commission may increase, by
2 rule or order, the allowable percentage of the [~~electric~~
3 ~~utility's system peak demand~~] distribution feeder's penetration
4 level produced from eligible customer-generators in the electric
5 utility's service area, whereupon the electric utility will be
6 obligated to provide net energy metering to additional eligible
7 customer-generators in that service area up to the increased
8 percentage amount."

9 SECTION 7. Section 269-106, Hawaii Revised Statutes, is
10 amended by amending subsection (b) to read as follows:

11 "(b) [~~Credits~~] The electric utility shall compensate the
12 net surplus customer-generator for any credits for excess
13 electricity from the [eligible] net surplus customer-generator
14 that remain unused after each twelve-month reconciliation period
15 [may not be carried over to the next twelve-month period.] at
16 the net surplus electricity compensation rate established by the
17 public utilities commission; provided that the public utilities
18 commission compensates the net surplus electricity compensation
19 rate set at the prevailing feed-in tariff rate for the project
20 size for the year the project is placed in service."

21 SECTION 8. Section 269-108, Hawaii Revised Statutes, is
22 amended to read as follows:

1 **"§269-108 Net electricity producers; excess electricity**
2 **credits and credit carry over.** At the end of each monthly
3 billing period, where the electricity generated by the eligible
4 customer-generator during the month exceeds the electricity
5 supplied by the electric utility during that same period, the
6 eligible customer-generator is a net electricity producer and
7 the electric utility shall retain any excess kilowatt-hours
8 generated during the prior monthly billing period; provided that
9 the excess electricity generated by the customer-generator, if
10 any, in each monthly billing period shall be carried over to the
11 next month as a monetary value to the credit of the eligible
12 customer-generator, which credit may accumulate and be used to
13 offset the compensation owed the electric utility for the
14 eligible customer-generator's net kilowatt-hour consumption for
15 succeeding months within each twelve-month period; provided
16 further that the electric utility shall reconcile the eligible
17 customer-generator's electricity production and consumption for
18 each twelve-month period as set forth in section 269-106. [~~The~~
19 ~~eligible customer-generator shall not be owed any compensation~~
20 ~~for excess kilowatt-hours unless the electric utility enters~~
21 ~~into a purchase agreement with the eligible customer-generator~~
22 ~~for those excess kilowatt-hours.]"~~

1 SECTION 9. Section 269-110, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "~~§269-110 [Termination by eligible customer-generators.]~~
4 Eligible customer-generators; termination; alternative credits
5 or compensation mechanisms. If an eligible customer-generator
6 terminates the customer relationship with the electric utility,
7 the electric utility shall reconcile the eligible
8 customer-generator's consumption and production of electricity,
9 including any unused credits for excess electricity from the
10 eligible customer-generator carried over from prior months, for
11 the period following the last twelve-month reconciliation period
12 to the date of termination of the relationship, according to the
13 requirements set forth in this part.

14 If the public utilities commission, at any time,
15 establishes alternative mechanisms for crediting or otherwise
16 compensating eligible customer-generators for exported power,
17 eligible customer-generators with existing net energy metering
18 contracts shall have the option of maintaining those existing
19 net energy metering contracts rather than converting to new
20 alternative credits or compensation mechanisms."

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

1 "**§269-111 Safety and performance standards.** (a) A solar,
2 wind turbine, biomass, or hydroelectric energy generating
3 system, or a hybrid system consisting of two or more of these
4 facilities, used by an eligible customer-generator shall meet
5 all applicable safety and performance standards established by
6 the National Electrical Code, the Institute of Electrical and
7 Electronics Engineers, and accredited testing laboratories such
8 as the Underwriters Laboratories and, where applicable, rules of
9 the public utilities commission regarding safety and
10 reliability.

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

18 (c) For eligible customer-generator systems of greater
19 than [~~ten~~] five hundred kilowatts[~~7~~] on the island of Oahu, two
20 hundred fifty kilowatts on the islands of Hawaii and Maui, and
21 up to one hundred kilowatts on the islands of Molokai and Lanai,

1 the public utilities commission, either through decision and
2 order, by tariff adoption, or by rule, shall:

3 (1) Set forth safety, performance, and reliability
4 standards and requirements; and

5 (2) Establish the qualifications for exemption from a
6 requirement to install additional controls, perform or
7 pay for additional tests, or purchase additional
8 liability insurance.

9 (d) The public utilities commission shall initiate a
10 rulemaking proceeding by August 1, 2010 to adopt best practices
11 interconnection standards for solar, wind turbine, biomass, and
12 hydroelectric energy generating facilities.

13 Upon adoption, the standards shall become the
14 interconnection requirements of each utility subject to the
15 jurisdiction of the public utilities commission. As part of the
16 rulemaking proceeding, the public utilities commission shall
17 consider:

18 (1) Standards for comparably-sized feed-in tariffs;

19 (2) Interconnection standards adopted by other states
20 within the twenty-four months prior to the rulemaking
21 proceeding;

- 1 (3) Standards adopted by the Federal Energy Regulatory
2 Commission; and
- 3 (4) Model standards developed by nonprofit organizations
4 whose primary purpose is to promote renewable energy.

5 The public utilities commission shall adopt best practices
6 interconnection standards no later than December 31, 2010."

7 SECTION 11. (a) The public utilities commission shall
8 establish the net surplus electricity compensation rate, as
9 defined by section 269-101, Hawaii Revised Statutes, by rule or
10 order no later than January 1, 2011. The net surplus
11 electricity compensation rate shall provide the net surplus
12 customer-generator, as defined by section 269-101, Hawaii
13 Revised Statutes, just and reasonable compensation for the value
14 of net surplus electricity, while leaving other ratepayers
15 unaffected.

16 (b) The net surplus electricity compensation rate shall
17 apply to net surplus electricity credits that have accrued for
18 any twelve-month reconciliation period that is in progress on
19 September 1, 2010 and any twelve-month reconciliation period
20 occurring thereafter.

21 (c) Payment for net surplus electricity credits that have
22 accrued between September 1, 2010 and the date of the

1 establishment of the net surplus electricity compensation rate
2 shall be made by the electric utility within sixty days from the
3 date of the establishment of the net surplus electricity
4 compensation rate.

5 (d) Payment for net surplus electricity credits that
6 accrue on or after the date of establishment of the net surplus
7 electricity compensation rate shall be made by the electric
8 utility within sixty days of the end of the applicable
9 twelve-month reconciliation period.

10 (e) For the purposes of this Act, "net surplus electricity
11 credits" means the credits, in kilowatt-hours, for excess
12 electricity generated by an eligible customer-generator at the
13 end of the eligible customer-generator's twelve-month
14 reconciliation period, as determined by the net energy metering
15 calculation in section 269-105, Hawaii Revised Statutes.

16 SECTION 12. Statutory material to be repealed is bracketed
17 and stricken. New statutory material is underscored.

18 SECTION 13. This Act shall take effect on July 1, 2010.

19

Report Title:

Net Energy Metering; Renewable Energy; PUC; Surplus Electricity Compensation;

Description:

Requires electric utilities to compensate net metering surplus customer-generators for excess electricity at the end of the twelve-month period; increases customer-generator capacity to two megawatts; permits existing net-metered customers to remain with the net metering program regardless of available alternatives; increases the total allowable generating capacity produced by customer-generators to 15% of that distribution feeder's penetration level or the penetration level that triggers additional technical study, as determined by the PUC, whichever is higher; allows a customer-generator up to five hundred kilowatts before the public utilities commission approval for safety and performance standards is required; directs the PUC to determine the net surplus compensation rate. (SD1)

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