
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 established net energy metering
2 in Act 272, Session Laws of Hawaii 2001, "to lessen Hawaii's
3 dependence on imported oil by encouraging the greater use of
4 renewable energy." The legislature finds that, consistent with
5 the intent of Act 272, net energy metering has been an effective
6 component of Hawaii's efforts "to encourage the establishment of
7 a market for renewable energy in Hawaii using the State's
8 renewable energy resources and to further development of these
9 resources."

10 Net energy metering is a means to encourage the
11 implementation of distributed renewable generation resources
12 owned by Hawaii residential and commercial utility customers.
13 The legislature finds that distributed generation resources and
14 non-utility-owned resources have an important role to play in
15 Hawaii's transition from over-reliance on fossil-fuel electrical
16 generation to increased use of renewable generation
17 technologies, and that distributed generation resources provide
18 unique benefits resulting from wide geographical dispersion,



1 relatively small size, availability of ownership by Hawaii
2 residents and businesses, and support for businesses engaged in
3 the installation of distributed generation.

4 The legislature recognizes that the variability of some
5 renewable energy generation technologies, including some
6 technologies promoted by net energy metering, present special
7 challenges to maintain continuously reliable electrical power
8 service. The legislature maintains as policy the existing
9 principle that it is the responsibility of Hawaii's electric
10 public utilities to maintain reliable electrical power services,
11 but holds that unsubstantiated reliability concerns should not
12 be used as a reason to dismiss distributed renewable generation
13 or non-utility owned resources, or to digress from Hawaii's
14 transition from fossil-fuel generation to increased use of
15 renewable energy resources. The legislature does not accept any
16 premise that centralized utility-owned generation is the only or
17 exclusive means to provide reliable electrical power services to
18 Hawaii's utility customers. It is ultimately the responsibility
19 of the public utilities commission to consider the benefits,
20 challenges, and other characteristics of distributed renewable
21 energy generation and determine the extent to which distributed
22 renewable generation resources, collectively and by individual



1 resource technology type and size, can be incorporated into
2 Hawaii's electric utility power systems.

3 The legislature recognizes that the public utilities
4 commission is in the process of considering implementing feed-in
5 tariffs as an additional means to encourage the implementation
6 of several distributed renewable generation technologies. Net
7 energy metering and the feed-in tariffs being considered by the
8 public utilities commission differ in several respects,
9 including eligible technology types, which entities are eligible
10 to subscribe, generation capacity limits on individual projects
11 and on collective subscription, and the amount and terms of
12 payment for delivered electrical power.

13 Net energy metering is a tariff providing for a transfer of
14 electrical energy between an electric utility customer and an
15 electrical utility, where energy charges to the customer are
16 offset by reductions in energy provided by the utility and by
17 customer-generated energy delivered to the utility. In
18 accordance with the existing statute, net energy metering is a
19 program available to utility customers "intended primarily to
20 offset part or all of the customer's own electrical
21 requirements." Net energy metering is not intended to encourage
22 projects that generate more energy than a customer uses and no



1 provisions are made for any sale of energy to the utility or for
2 monetary payment to a customer.

3 Feed-in tariffs, in the form being considered by the public
4 utilities commission, provide standardized contracts for the
5 sale of electrical energy generated by non-utility entities
6 using any of several qualifying distributed renewable generation
7 technologies for purchase by the public utility at regulated,
8 standardized prices. Unlike net energy metering, feed-in
9 tariffs provide for the sale and purchase of energy, are not
10 limited to subscription by utility customers, and are not
11 limited by the amount of energy consumed by customers.

12 The purpose of this Act, therefore, is to help ensure
13 greater sustainability for the net energy metering program and
14 to provide for a closer examination of distributed generation
15 technologies.

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

19 "§269- Administrative efficiency. An electric utility
20 shall not unreasonably deny, burden, or delay net energy
21 metering service that is requested by an eligible customer-
22 generator."



1 SECTION 3. 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 utility's
9 system peak demand; provided that the public utilities
10 commission may modify, by rule or order, the total rated
11 generating capacity produced by eligible customer-generators;
12 provided further that the public utilities commission shall
13 ensure that a percentage of the total rated generating capacity
14 produced by eligible customer-generators shall be reserved for
15 electricity produced by eligible residential or small commercial
16 customer-generators. The public utilities commission may
17 define, by rule or order, the maximum capacity for eligible
18 residential or small commercial customer-generators.
19 Notwithstanding the generating capacity requirements of this
20 subsection, the public utilities commission may evaluate, on an
21 island-by-island basis, the applicability of the generating
22 capacity requirements of this subsection and, in its discretion,



1 may exempt an island or a utility grid system from the
2 generating capacity requirements [-] or specify separate
3 generating capacity requirements or limits for individual
4 generation technologies listed in the definition of "eligible
5 customer-generator" in section 269-101.

6 In determining generating capacity requirements or limits
7 in accordance with this subsection, the public utilities
8 commission shall ensure that the impacts of net energy metering
9 on the rates charged to utility customers are reasonable and
10 shall consider:

11 (1) The extent to which net energy metering is necessary
12 or useful to further Hawaii's transition from fossil-
13 fuel generation to renewable generation technologies;

14 (2) The benefits that distributed generation technologies
15 and non-utility generation resources provide to
16 Hawaii's electric systems and economy;

17 (3) The opportunities that net energy metering provide to
18 Hawaii's residential and commercial customers to hedge
19 future electrical power costs by making investments in
20 generation resources;



1 (4) The extent to which net energy metering supports a
2 healthy commercial renewable generation installation
3 industry;

4 (5) The extent of impacts of specific types of generation
5 provided by net energy metering and other distributed
6 generation technologies upon utility system
7 reliability or infrastructure costs;

8 (6) The comparative benefit and cost to ratepayers of net-
9 energy meter, feed-in tariffs or other mechanisms or
10 programs exist that are available and provide for
11 effective implementation of distributed generation
12 resources; and

13 (7) The terms agreed to by the State in the October 2008
14 Hawaii Clean Energy Initiative Energy Agreement."

15 SECTION 4. Section 269-110, Hawaii Revised Statutes, is
16 amended to read as follows:

17 "§269-110 [~~Termination by eligible customer generators.~~]
18 Eligible customer-generators; termination; alternative credits
19 or compensation mechanisms. If an eligible customer-generator
20 terminates the customer relationship with the electric utility,
21 the electric utility shall reconcile the eligible
22 customer-generator's consumption and production of electricity,



1 including any unused credits for excess electricity from the
2 eligible customer-generator carried over from prior months, for
3 the period following the last twelve-month reconciliation period
4 to the date of termination of the relationship, according to the
5 requirements set forth in this part.

6 If the public utilities commission, at any time,
7 establishes alternative mechanisms for crediting or otherwise
8 compensating eligible customer-generators for exported power,
9 eligible customer-generators with existing net energy metering
10 contracts shall have the option of maintaining the existing net
11 energy metering contracts and shall not be required to convert
12 to new alternative credits or compensation mechanisms."

13 SECTION 5. Statutory material to be repealed is bracketed
14 and stricken. New statutory material is underscored.

15 SECTION 6. This Act shall take effect on July 1, 2050.



Report Title:

Net Energy Metering; Renewable Energy; PUC

Description:

Prohibits an electric utility from unreasonably denying, burdening, or delaying net energy metering service requested by an eligible customer-generator. Permits the PUC to specify separate generating capacity requirements or limits for each specified individual generation technology. Requires the PUC to ensure the impacts of net energy metering on rates are reasonable. Provides factors the PUC is required to consider in determining generating capacity requirements or limits. Permits existing net-metered customers the option to maintain existing contracts in the event the PUC establishes alternate mechanisms. Effective July 1, 2050. (SB2488 HD1)

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