

JAN 25 2012

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**A BILL FOR AN ACT**

RELATING TO ELECTRICITY.

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

1           SECTION 1. The legislature finds that the capability and  
2   accessibility of Hawaii's electrical system has not kept pace  
3   with either the State's ambitious renewable portfolio standard  
4   mandate or the various technologies that generate electricity at  
5   both the distribution and transmission levels. Localized energy  
6   generation technology has become increasingly attainable for all  
7   types of renewable energy developers and the electricity  
8   consumer over the past several years. A highly diverse set of  
9   generation resources ranging from large wind projects to simple  
10   residential photovoltaic systems are now primed to deliver  
11   electricity to consumers across the State's isolated island  
12   grids. However, a number of technical, operational, and  
13   regulatory issues concerning Hawaii's long-running electrical  
14   system are stifling the full potential of local renewable energy  
15   production. The implementation of formal electric reliability  
16   standards to govern all segments of the electric power system  
17   and to ensure fair and transparent grid access is a critical  
18   part of moving beyond the barriers confronting Hawaii's lofty

1 clean energy requirements. In addition, clear regulatory  
2 oversight of the State's grids would ensure system reliability,  
3 resiliency, and accountability.

4 Electric reliability standards are formal planning and  
5 operating procedures that govern the design and operation of an  
6 electrical grid or grids to ensure the adequate reliability of  
7 that system or set of systems by establishing real-time  
8 protocols, such as resource and demand balancing, critical  
9 infrastructure protection, and interconnection reliability. The  
10 legislature finds that electric system planning, operations, and  
11 interconnections on the mainland United States are governed by a  
12 well-coordinated effort headed by the Federal Energy Regulatory  
13 Commission and the North American Electric Reliability  
14 Corporation, with help from a group of subordinate regional  
15 oversight entities ("regional entities"). Under federal  
16 commission oversight, the corporation and the regional entities  
17 collectively create and adopt national and regional reliability  
18 standards, administer related compliance and enforcement  
19 programs, and perform other additional functions as needed to  
20 ensure that all entities operating in connection to the bulk-  
21 power system follow applicable standards. With a recent  
22 blackout affecting millions of people throughout the

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1 southwestern United States and northern Mexico, the need for  
2 solid reliability standards and accompanying grid oversight of  
3 modern electrical systems is readily apparent. Although Hawaii  
4 is not part of the bulk-power system that links the vast grid  
5 regions of North America, our local electrical system still  
6 requires a level of reliability protocols and oversight provided  
7 by a set of local standards and an accompanying enforcement  
8 system that is commensurate with the State's ambitious renewable  
9 energy mandates.

10 The public utilities commission continues to advance the  
11 development of local grid reliability standards and procedures  
12 via ongoing proceedings connected to Hawaii's feed-in tariff  
13 program and other interconnection-related dockets. Initial  
14 reliability standards tailored to Hawaii's electrical system are  
15 being formed by the Hawaii reliability standards working group,  
16 which, following commission approval of acceptable standards  
17 produced by the working group, will require ongoing enforcement  
18 and oversight by a dedicated body. However, the legislature  
19 finds the commission's efforts in this area are the result of a  
20 lack of formal, well-developed reliability and interconnection  
21 standards in Hawaii that have been identified as a principal  
22 roadblock for a number of big- and small-scale clean energy

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1 projects. The State recently received \$750,000 from the United  
2 States Department of Energy to assist in developing technical  
3 reliability standards for the connecting of renewable energy  
4 projects to the local grids. In addition, a number of major  
5 government and private renewable energy projects are currently  
6 slated for development in the near future, including military  
7 solar installations estimated to create hundreds of megawatts of  
8 new electricity generation on Oahu by the middle of this decade,  
9 which further necessitates the adoption of strong, formalized  
10 reliability and interconnection standards. Following the  
11 creation of initial standards, a well-organized, continuing  
12 effort to enforce the adopted standards, propose new or update  
13 existing standards, and oversee grid access will be required.

14 The purpose of this Act is to authorize the public  
15 utilities commission to perform necessary electric system  
16 reliability and grid access oversight functions, and to allow  
17 the commission to contract for the services of a Hawaii  
18 electricity reliability administrator to support the commission  
19 in carrying out those critical functions throughout the State.  
20 In addition, this Act allows for the creation of a surcharge  
21 affecting users and operators of the Hawaii electric system to  
22 be collected for the purpose of maintaining system reliability.

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

4 "PART . ELECTRIC RELIABILITY

5 §269-A Definitions. As used in this part:

6 "Ancillary services" means those essential grid support  
7 services performed by an entity, facility, or other equipment to  
8 support and ensure the reliable generation, transmission, and  
9 distribution of electricity, including, but not limited to,  
10 frequency response and regulation, inertial response, reactive  
11 power and voltage control, and operating reserves.

12 "Commission" means the public utilities commission.

13 "Electric element" means any plant, line, cable, facility,  
14 control system, equipment, or other technology used for the  
15 generation, transmission, distribution, storage, regulation, or  
16 physical control of electricity.

17 "Hawaii electric system" means all electric elements  
18 located within the State together with all interconnections  
19 located within the State that collectively provide for the  
20 generation, transmission, distribution, storage, regulation, or  
21 physical control of electricity over a geographic area; provided  
22 that this definition shall not include any electric element

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1 operating without any interconnection to any other electric  
2 element located within the State.

3 "Interconnection" means the physical contact point  
4 connecting an electric element to another electric element or  
5 group of electric elements that allows for the flow and transfer  
6 of electricity from one electric element to another or the  
7 reverse.

8 "Interconnection requirement" means a standard or rule,  
9 adopted by the commission under this part, concerning the  
10 performance levels, processes, practices, equipment, or  
11 facilities of any entity either having or seeking to obtain an  
12 interconnection to the Hawaii electric system under procedures  
13 established pursuant to section 269-E to ensure the reliable  
14 operation of the Hawaii electric system.

15 "Reliability standard" means an electric reliability  
16 requirement or requirements, adopted by the commission under  
17 this part, to ensure the reliable design and operation of any or  
18 all portions of the Hawaii electric system, including, but not  
19 limited to, ancillary service requirements.

20 "User, owner, or operator of the Hawaii electric system"  
21 means any person, business, organization, or other entity who:

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1           (1) Owns, controls, operates, or manages plants or  
2           facilities for the generation, transmission, or  
3           furnishing of electricity; and  
4           (2) Provides, sells, or transmits all of that power,  
5           except such power as is used in its own internal  
6           operations or is used for its own consumption,  
7           directly to a public utility for either transmission  
8           or distribution to the public;  
9 provided that a user, owner, or operator of the Hawaii electric  
10 system shall not be considered a public utility within the  
11 meaning of this chapter.

12           **§269-B Reliability standards; adoption and development;**  
13 **force and effect; interconnection requirements.** (a) The  
14 commission may adopt, by rule or order, standards to ensure the  
15 reliable design and operation of the Hawaii electric system.  
16 Reliability standards adopted by the commission shall have the  
17 full force and effect of law on all utilities and any other  
18 user, owner, or operator of the Hawaii electric system. The  
19 commission shall not contract for the performance of the  
20 functions under this subsection to any other entity as provided  
21 under section 269-F.

1 (b) The commission may develop reliability standards as it  
2 determines necessary or upon recommendation from any entity,  
3 including an entity contracted by the commission to serve as the  
4 Hawaii electricity reliability administrator provided for under  
5 this part, for the continuing reliable design and operation of  
6 the Hawaii electric system. Any reliability standard developed  
7 by the commission shall be adopted by the commission in  
8 accordance with subsection (a) in order to be effective. The  
9 commission shall not contract for the performance of the  
10 functions under this subsection to any other entity as provided  
11 under section 269-F.

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



1 organization or other entity that is not a utility as defined in  
2 section 269-1.

3       **§269-C Monitoring.** (a) The commission shall have the  
4 authority to monitor the reliability and operation of the Hawaii  
5 electric system using any data, files, maps, reports, or any  
6 other information concerning any utility, person, business,  
7 entity, or any user, owner, or operator of the Hawaii electric  
8 system considered by the commission to be necessary for ensuring  
9 the reliable operation of the Hawaii electric system. The  
10 authority of the commission to monitor information in this  
11 section shall include, but not be limited to, the authority to  
12 request, acquire, or otherwise accumulate real-time data on any  
13 matter the commission deems necessary to monitor the reliable  
14 design and operation of the Hawaii electric system.

15       (b) The commission shall have the authority to monitor  
16 and compel the production of data, files, maps, reports, or any  
17 other information concerning any utility, person, business, or  
18 entity, or any user, owner, or operator of the Hawaii electric  
19 system considered by the commission to be necessary for  
20 exercising jurisdiction over interconnections or for  
21 administering the process for interconnection to the Hawaii  
22 electric system under section 269-E.

1 (c) Any and all data, files, maps, reports, or any other  
2 information the commission requests under subsection (a) and  
3 subsection (b) above shall be produced in a timely manner. The  
4 commission may institute proceedings in accordance with section  
5 269-15 upon a determination that any party for or on behalf of a  
6 utility, person, business, entity, or any other user, owner, or  
7 operator of the Hawaii electric system has refused to provide or  
8 is causing unreasonable delay in providing information requested  
9 under this section.

10 **§269-D Compliance and enforcement.** (a) The commission  
11 shall take all necessary steps, including, but not limited to  
12 audits, spot checks, data requests, report requests, and  
13 internal monitoring procedures, to ensure that any utility,  
14 person, business, or entity connecting to the Hawaii electric  
15 system, or any other user, owner, and operator of the Hawaii  
16 electric system is in compliance with all adopted reliability  
17 standards.

18 (b) The commission may impose reasonable penalties on any  
19 person, business, or organization acting in violation of an  
20 adopted reliability standard after notice as provided under  
21 section 269-12 and an opportunity for a proceeding under section  
22 269-15 has been given. Any entity issuing a penalty in the

1 performance of its duties as Hawaii electricity reliability  
2 administrator provided for under contract with the commission  
3 under section 269-F shall first file with the commission a  
4 notice and record of proceeding provided for under this  
5 subsection. The commission shall adopt rules pursuant to  
6 chapter 91 for the issuance of any penalty under this section.

7       **§269-E Grid access; procedures for interconnection;**  
8 **dispute resolution.** (a) Each person, business, or other entity  
9 seeking to make an interconnection on the Hawaii electric system  
10 shall do so in accordance with procedures to be established by  
11 the commission by rule or order.

12       (b) The commission shall have the authority to make final  
13 determinations regarding any dispute between a utility person,  
14 business, or any other entity, or any other user, owner, or  
15 operator of the Hawaii electric system, concerning either an  
16 existing interconnection on the Hawaii electric system or an  
17 interconnection to the Hawaii electric system created under the  
18 processes established by the commission under this section.

19       **§269-F Contracting of functions.** The commission may  
20 contract for the performance of its functions under this part to  
21 a person, business, or organization that will serve as the  
22 Hawaii electricity reliability administrator provided for under

1 this part, but excluding any utility as defined under this  
2 chapter; provided that the commission shall not contract for the  
3 performance of its functions under sections 269-B(a) and (b) and  
4 269-G. The commission shall select an entity with which to  
5 contract for the performance of its functions in accordance with  
6 state law, including contracting in compliance with chapter  
7 103D.

8 **§269-G Hawaii electricity reliability surcharge;**  
9 **authorization; cost recovery.** (a) The commission may require,  
10 by rule or order, that all utilities, persons, businesses, or  
11 entities connecting to the Hawaii electric system, or any other  
12 user, owner, or operator of any electric element that is a part  
13 of an interconnection on the Hawaii electric system shall pay a  
14 surcharge that shall be collected by Hawaii's electric  
15 utilities. The commission shall not contract or otherwise  
16 delegate the ability to create the Hawaii electricity  
17 reliability surcharge under this section to any other entity.  
18 This surcharge amount shall be known as the Hawaii electricity  
19 reliability surcharge.

20 (b) Amounts collected through the Hawaii electricity  
21 reliability surcharge shall be transferred in whole or in part  
22 to any entity contracted by the commission to act as the Hawaii

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1 electricity reliability administrator provided for under this  
2 part.

3 (c) The Hawaii electricity reliability surcharge shall be  
4 used for the purposes of ensuring the reliable operation of the  
5 Hawaii electric system and overseeing grid access on the Hawaii  
6 electric system through the activities of the Hawaii electricity  
7 reliability administrator contracted under section 269-F;  
8 provided that amounts collected under the Hawaii electricity  
9 reliability surcharge shall not be available to meet any current  
10 or past general obligations of the State.

11 (d) The commission may allow a utility to recover  
12 appropriate and reasonable costs under the Hawaii electricity  
13 reliability surcharge for any existing interconnection, as  
14 opposed to any new interconnection, to the Hawaii electric  
15 system from electric utility customers through a surcharge or  
16 assessment subject to review and approval by the commission  
17 under section 269-16.

18 (e) Nothing in this section shall create or be construed  
19 to cause amounts collected through the Hawaii electricity  
20 reliability surcharge to be considered state or public moneys  
21 subject to appropriation by the legislature or be required to be  
22 deposited into the state treasury.

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1           **§269-H Hawaii electricity reliability administrator;**  
2 **contracting.** (a) The commission may contract with an entity to  
3 serve as the Hawaii electricity reliability administrator for  
4 the purpose of carrying out its functions under this part.

5           (b) Any entity contracted by the commission to serve as  
6 the Hawaii electricity reliability administrator under section  
7 269-F must be selected by the commission in accordance with  
8 state law, including chapter 103D. The Hawaii electricity  
9 reliability administrator shall, if so enabled by the commission  
10 through mutual agreement under the laws of the State of Hawaii,  
11 hold the powers and rights held of the commission under this  
12 part for the term of the contract executed under section 269-F;  
13 provided that the commission shall retain both full authority  
14 over the Hawaii electricity reliability administrator and the  
15 exclusive authority to carry out functions and responsibilities  
16 enumerated under sections 269-B(a) and (b) and 269-G.

17           **§269-I Hawaii electricity reliability administrator;**  
18 **qualifications.** Any entity contracted by the commission to  
19 serve as the Hawaii electricity reliability administrator shall:  
20           (1) Maintain the necessary staffing with the appropriate  
21                 skills and expertise to enforce and offer  
22                 recommendations on the development of reliability

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1 standards adopted by the commission under this part,  
2 including the technical skills required to properly  
3 monitor operations of the Hawaii electric system using  
4 information provided under section 269-C; and

5 (2) Maintain the necessary staffing with the appropriate  
6 level of independence to fairly and impartially review  
7 matters concerning interconnection to the Hawaii  
8 electric system under section 269-E, including  
9 independence of the entity from any utility, person,  
10 business, or other entity connected to the Hawaii  
11 electric system, or any user, owner, operator of the  
12 Hawaii electric system.

13 **§269-J Funding; reporting.** (a) The Hawaii electricity  
14 reliability administrator shall use funds collected through the  
15 Hawaii electricity reliability surcharge provided for under  
16 section 269-G to carry out its operations, including any and all  
17 administrative, technological, or other related requirements for  
18 effectively ensuring the reliability of the Hawaii electric  
19 system.

20 (b) The Hawaii electricity reliability administrator shall  
21 report to the commission each year on the date of agreement  
22 under section 269-F following the original contracting between

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1 the Hawaii electricity reliability administrator and the  
2 commission the status of its operations, its financial position,  
3 and a projected operational budget for the fiscal year following  
4 the date of the report.

5 (c) The Hawaii electricity reliability administrator shall  
6 be subject to regulation by the commission under any provision  
7 applicable to a public utility in sections 269-7, 269-8, 269-  
8 8.2, 269-8.5, 269-9, 269-10, 269-13, 269-15, 269-19.5, and 269-  
9 28. Notwithstanding any other provision of law to the contrary,  
10 the Hawaii electricity reliability administrator shall not be an  
11 electric public utility or an electric public utility  
12 affiliate."

13 SECTION 3. Section 269-1, Hawaii Revised Statutes, is  
14 amended by amending the definition of "public utility" to read  
15 as follows:

16 ""Public utility":

17 (1) Includes every person who may own, control, operate,  
18 or manage as owner, lessee, trustee, receiver, or  
19 otherwise, whether under a franchise, charter,  
20 license, articles of association, or otherwise, any  
21 plant or equipment, or any part thereof, directly or  
22 indirectly for public use for the transportation of



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1 passengers or freight; for the conveyance or  
2 transmission of telecommunications messages; for the  
3 furnishing of facilities for the transmission of  
4 intelligence by electricity within the State or  
5 between points within the State by land, water, or  
6 air; for the production, conveyance, transmission,  
7 delivery, or furnishing of light, power, heat, cold,  
8 water, gas, or oil; for the storage or warehousing of  
9 goods; or for the disposal of sewage; provided that  
10 the term shall include:

11 (A) An owner or operator of a private sewer company  
12 or sewer facility; and

13 (B) A telecommunications carrier or  
14 telecommunications common carrier; and

15 (2) Shall not include:

16 (A) An owner or operator of an aerial transportation  
17 enterprise;

18 (B) An owner or operator of a taxicab as defined in  
19 this section;

20 (C) Common carriers that transport only freight on  
21 the public highways, unless operating within  
22 localities, along routes, or between points that

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1 the public utilities commission finds to be  
2 inadequately serviced without regulation under  
3 this chapter;

4 (D) Persons engaged in the business of warehousing or  
5 storage unless the commission finds that  
6 regulation is necessary in the public interest;

7 (E) A carrier by water to the extent that the carrier  
8 enters into private contracts for towage,  
9 salvage, hauling, or carriage between points  
10 within the State; provided that the towing,  
11 salvage, hauling, or carriage is not pursuant to  
12 either an established schedule or an undertaking  
13 to perform carriage services on behalf of the  
14 public generally;

15 (F) A carrier by water, substantially engaged in  
16 interstate or foreign commerce, that transports  
17 passengers on luxury cruises between points  
18 within the State or on luxury round-trip cruises  
19 returning to the point of departure;

20 (G) ~~[Any person who:~~  
21 ~~(i) Controls, operates, or manages plants or~~  
22 ~~facilities for the production, transmission,~~

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1 ~~or furnishing of power primarily or entirely~~  
2 ~~from nonfossil fuel sources; and~~

3 ~~(ii) Provides, sells, or transmits all of that~~  
4 ~~power, except as is used in its own internal~~  
5 ~~operations, directly to a public utility for~~  
6 ~~transmission to the public;] Any user, owner~~  
7 ~~or operator of the Hawaii electric system as~~  
8 ~~defined under section 269-A;~~

9 (H) A telecommunications provider only to the extent  
10 determined by the public utilities commission  
11 pursuant to section 269-16.9;

12 (I) Any person who controls, operates, or manages  
13 plants or facilities developed pursuant to  
14 chapter 167 for conveying, distributing, and  
15 transmitting water for irrigation and other  
16 purposes for public use and purpose;

17 (J) Any person who owns, controls, operates, or  
18 manages plants or facilities for the reclamation  
19 of wastewater; provided that:

20 (i) The services of the facility are provided  
21 pursuant to a service contract between the  
22 person and a state or county agency and at

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1 least ten per cent of the wastewater  
2 processed is used directly by the state or  
3 county agency that entered into the service  
4 contract;

5 (ii) The primary function of the facility is the  
6 processing of secondary treated wastewater  
7 that has been produced by a municipal  
8 wastewater treatment facility owned by a  
9 state or county agency;

10 (iii) The facility does not make sales of water to  
11 residential customers;

12 (iv) The facility may distribute and sell  
13 recycled or reclaimed water to entities not  
14 covered by a state or county service  
15 contract; provided that, in the absence of  
16 regulatory oversight and direct competition,  
17 the distribution and sale of recycled or  
18 reclaimed water shall be voluntary and its  
19 pricing fair and reasonable. For purposes  
20 of this subparagraph, "recycled water" and  
21 "reclaimed water" means treated wastewater

- 1                   that by design is intended or used for a  
2                   beneficial purpose; and
- 3                   (v) The facility is not engaged, either directly  
4                   or indirectly, in the processing of food  
5                   wastes;
- 6                   (K) Any person who owns, controls, operates, or  
7                   manages any seawater air conditioning district  
8                   cooling project; provided that at least fifty per  
9                   cent of the energy required for the seawater air  
10                  conditioning district cooling system is provided  
11                  by a renewable energy resource, such as cold,  
12                  deep seawater;
- 13                  (L) Any person who owns, controls, operates, or  
14                  manages plants or facilities primarily used to  
15                  charge or discharge a vehicle battery that  
16                  provides power for vehicle propulsion; and
- 17                  (M) Any person who:
- 18                   (i) Owns, controls, operates, or manages a  
19                   renewable energy system that is located on a  
20                   customer's property; and
- 21                   (ii) Provides, sells, or transmits the power  
22                   generated from that renewable energy system

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1 to an electric utility or to the customer on  
2 whose property the renewable energy system  
3 is located; provided that, for purposes of  
4 this [~~clause,~~] subparagraph, a customer's  
5 property shall include all contiguous  
6 property owned or leased by the customer  
7 without regard to interruptions in  
8 contiguity caused by easements, public  
9 thoroughfares, transportation rights-of-way,  
10 and utility rights-of-way.

11 If the application of this chapter is ordered by the  
12 commission in any case provided in [~~paragraphs (2)(C), (2)(D),~~  
13 ~~(2)(H), and (2)(I),~~] subparagraphs (C), (D), (H), and (I), the  
14 business of any public utility that presents evidence of bona  
15 fide operation on the date of the commencement of the  
16 proceedings resulting in the order shall be presumed to be  
17 necessary to the public convenience and necessity, but any  
18 certificate issued under this proviso shall nevertheless be  
19 subject to terms and conditions as the public utilities  
20 commission may prescribe, as provided in sections 269-16.9 and  
21 269-20."

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

3 SECTION 5. In codifying the new part and sections added to  
4 chapter 269, Hawaii Revised Statutes, by section 2 of this Act,  
5 the revisor of statutes shall substitute appropriate section  
6 numbers for the letters used in designating and referring to the  
7 new sections in this Act.

8 SECTION 6. This Act shall take effect on July 1, 2012.

9

10

INTRODUCED BY:



11

BY REQUEST

12

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**Report Title:**

Electric Reliability Standards; Grid Interconnection; Hawaii Electricity Reliability Administrator; Hawaii Electricity Reliability Surcharge

**Description:**

Authorizes the Public Utilities Commission to develop, adopt, and enforce reliability standards for electric systems, and to oversee electric grid access; authorizes the Public Utilities Commission to contract for the performance of related duties with a party to be named the Hawaii Electricity Reliability Administrator. Effective July 1, 2012.

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



JUSTIFICATION SHEET

DEPARTMENT: Office of the Governor

TITLE: A BILL FOR AN ACT RELATING TO ELECTRICITY.

PURPOSE: To provide the Hawaii Public Utilities Commission ("Commission") with the necessary authority to implement state electric reliability standards and oversee grid access and interconnection issues. In addition, the measure allows the Commission to contract with an entity, to be designated the Hawaii Electricity Reliability Administrator ("Administrator"), for the performance of critical reliability and grid oversight functions. The Commission is granted explicit authority to develop, adopt, monitor compliance with, and enforce local electric reliability standards to ensure the reliable functioning of Hawaii's electrical grid systems. The measure further grants the Commission the authority to oversee grid access and interconnection issues. In addition, the Commission is granted jurisdiction over non-utility electricity producing entities connected to the Hawaii electric system with respect to such reliability issues and interconnections. The Administrator is provided for, with which the Commission may contract for the performance of its reliability standards and grid access functions under this measure. A Hawaii electricity reliability surcharge is authorized to be established by the Commission to fund the Administrator, and cost recovery methods are authorized to allow utilities to cover surcharge amounts due on existing contracts with entities connected to the grid.

MEANS: Add one new part to chapter 269 and amend section 269-1, Hawaii Revised Statutes.

## JUSTIFICATION:

Problem/Solution: Hawaii's electrical grid systems lack clear rules or a strong enforcement mechanism to oversee access, both of which are deemed critical to facilitating the wealth of local clean energy projects onto the State's multiple grid systems. As a result, many local clean energy projects are reported to have gone undeveloped. The Commission is currently working on developing electric reliability standards through its formal docket process, and the Commission will ultimately review and adopt resulting standards. However, the State will need clear rules and dedicated enforcement of any reliability standards and grid access guidelines.

Impact on the public: There will be a positive impact on the public. The Administrator, under the supervision of the Commission, will provide the public with increased electric grid system stability through the enforcement of standards and the oversight of grid access.

Impact on the department and other agencies: The Commission will be responsible for soliciting bids, awarding the contract, and administering the performance of the entity selected as the Administrator under this measure. In addition, the Commission retains final authority over the functions relating to reliability standards and the oversight of access to Hawaii's grids. There should not be any impact on other agencies in the State.

New Day Plan Association: This measure would effectively cover many of the functions envisioned for the Hawaii Energy Authority proposed in the New Day Plan, except that the focus here is more on electric reliability and grid access issues. The Commission, in contract with the Administrator, would have the clear ability to (1) develop, monitor compliance with, and enforce local electric reliability

standards, (2) perform oversight functions concerning grid access for the Hawaii electric system, and (3) have the necessary resources to ensure the performance of technical reviews and studies as deemed necessary. Aside from the execution of clean energy provider contracts, which the Commission currently oversees, and the management of energy efficiency programs, which the State's public benefits fee administrator currently handles, the proposed functions of the proposed Hawaii Energy Authority under the New Day Plan would be performed through this measure.

GENERAL FUNDS: None.

OTHER FUNDS: None. The Hawaii electric reliability surcharge, collected on Hawaii electric system users and operators to ensure for electric system reliability, is authorized as a way to provide for the operations of the Administrator.

PPBS PROGRAM  
DESIGNATION: BUF-901.

OTHER AFFECTED  
AGENCIES: None.

EFFECTIVE DATE: July 1, 2012.