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# A BILL FOR AN ACT

RELATING TO ENERGY.

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

1           SECTION 1. The legislature finds that Hawaii has a higher  
2 oil dependency rate than any other state in the nation. This  
3 dependence makes the State extremely vulnerable to any oil  
4 embargo, supply disruption, or other market dysfunction beyond  
5 the control of the State. Furthermore, Hawaii's continued  
6 consumption of petroleum and coal for electric power production  
7 negatively impacts Hawaii's environment.

8           The legislature also finds that increased use of renewable  
9 sources to generate electricity increase Hawaii's energy self-  
10 sufficiency and achieve broad societal benefits, including  
11 increased energy security, diminished vulnerability to oil price  
12 increases, enhanced sustainability, economic development, and  
13 job creation.

14           The legislature has worked steadily to encourage the  
15 development renewable energy portfolio standard by deploying,  
16 among other renewable energy programs, net energy metering.  
17 However, the current net-metering system does not encourage  
18 energy efficient behaviors and does not incorporate recovery for



1 costs for transmission and distribution infrastructure, grid  
2 reliability, and other costs that are typically included in  
3 usage rates.

4 The legislature finds that developing a feed-in tariff and  
5 charging customers retail rates for all utility supplied  
6 electricity creates incentives for users to develop energy  
7 conscious behaviors such as using electricity efficiently even  
8 when generating their own electricity, and when unable to  
9 generate their own electricity, using solar or heat pump hot  
10 water, energy star appliances, lowering power consumption in  
11 lighting, and other energy efficient behaviors.

12 The purpose of this Act is to encourage the development of  
13 renewable electricity generation in Hawaii, promote energy self-  
14 sufficiency for Hawaii, and protect Hawaii's environment, while  
15 also promoting energy efficiency and electric service  
16 reliability, by applying feed-in tariff concepts to net energy  
17 metering.

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

20 "§269-101 Definitions. As used in this part:

21 "Eligible customer-generator" means a metered residential  
22 or commercial customer, including a government entity, of an



1 electric utility who owns and operates a solar, wind turbine,  
2 biomass, or hydroelectric energy generating facility, or a  
3 hybrid system consisting of two or more of these facilities,  
4 that is:

- 5 (1) Located on the customer's premises;
- 6 (2) Operated in parallel with the utility's transmission  
7 and distribution facilities;
- 8 (3) In conformance with the utility's interconnection and  
9 demand response requirements; and
- 10 (4) Intended [~~primarily to offset part or all of the~~  
11 ~~customer's own electrical requirements.~~] to record for  
12 billing purposes the amount of electricity accepted  
13 from the utility and to record customer generated  
14 electricity fed back to the electric grid.

15 "Feed-in tariff" means a class or classes of eligible  
16 customer-generators who generate electricity and upon meeting  
17 utility requirements are compensated at current public utility  
18 commission established tariff rates for electricity fed back to  
19 the electric grid.

20 "Net energy metering" means measuring [~~the difference~~  
21 ~~between~~] the electricity supplied through the electric grid and  
22 the electricity generated by an eligible customer-generator and



1 fed back to the electric grid over a monthly billing period;  
2 provided that:

3 (1) Net energy metering shall be accomplished using a  
4 single meter capable of registering the flow of  
5 electricity in two directions;

6 (2) An additional meter or meters to monitor the flow of  
7 electricity in each direction may be installed with  
8 the consent of the customer-generator, at the expense  
9 of the electric utility, and the additional metering  
10 shall be used only to provide the information  
11 necessary to accurately bill or credit the customer-  
12 generator, or to collect solar, wind turbine, biomass,  
13 or hydroelectric energy generating system performance  
14 information for research purposes;

15 (3) If the existing electrical meter of an eligible  
16 customer-generator is not capable of measuring the  
17 flow of electricity in two directions, the electric  
18 utility shall be responsible for all expenses involved  
19 in purchasing and installing a meter that is able to  
20 measure electricity flow in two directions;



- 1 (4) If an additional meter or meters are installed, the  
2 net energy metering calculation shall yield a result  
3 identical to that of a single meter; and
- 4 (5) An eligible customer-generator who already owns an  
5 existing solar, wind turbine, biomass, or  
6 hydroelectric energy generating facility, or a hybrid  
7 system consisting of two or more of these facilities,  
8 is eligible to receive net energy metering service in  
9 accordance with this part."

10 SECTION 3. Section 269-102, Hawaii Revised Statutes, is  
11 amended by amending subsection (b) to read as follows:

12 "~~(b) [Each net energy metering contract or tariff shall be~~  
13 ~~identical, with respect to rate structure, to the contract or~~  
14 ~~tariff to which the same customer would be assigned if the~~  
15 ~~customer was not an eligible customer-generator. The charges~~  
16 ~~for all retail rate components for eligible customer-generators~~  
17 ~~shall be based exclusively on the eligible customer-generator's~~  
18 ~~net kilowatt-hour consumption over a monthly billing period.]~~  
19 The electric utility shall establish a tariff for net metering  
20 based upon the retail rate and the feed-in tariff rate as  
21 established by the public utilities commission. Charges to  
22 eligible customer-generators over a monthly billing period will



1 be the net electricity supplied by the utility at the retail  
2 rate less electricity fed onto the grid by customer-generators  
3 at the feed-in tariff rate. Any new or additional demand  
4 charge, standby charge, customer charge, minimum monthly charge,  
5 interconnection charge, or other charge that would increase an  
6 eligible customer-generator's costs beyond those of other  
7 customers in the rate class to which the eligible customer-  
8 generator would otherwise be assigned are contrary to the intent  
9 of this section, and shall not form a part of net energy  
10 metering contracts or tariffs."

11 SECTION 4. Section 269-105, Hawaii Revised Statutes, is  
12 amended to read as follows:

13 "**§269-105 Calculation.** The net energy metering  
14 calculation shall be [~~made by measuring~~] the difference between  
15 the retail rate of electricity supplied to the eligible  
16 customer-generator and:

17 (1) The feed-in rate electricity generated by the eligible  
18 customer-generator and fed back to the electric grid  
19 over a monthly billing period; and

20 (2) [~~Any unused credits for excess electricity from the~~  
21 ~~eligible customer-generator carried over from previous~~  
22 ~~months since the last twelve-month reconciliation~~



1 ~~period.]~~ Eligible customer-generators with a credit  
2 balance due to a feed-in rate of electricity fed over  
3 the grid above the retail rate of electricity supplied  
4 by the utility shall have this dollar credit carry  
5 over to the next billing cycle for a twelve-month  
6 period.

7 (3) If at the end of a twelve-month period the eligible  
8 customer-generator has a dollar credit, the utility  
9 will send payment to the customer-generator for the  
10 dollar credit and the account will return to a zero  
11 balance."

12 SECTION 5. Section 269-106, Hawaii Revised Statutes, is  
13 amended to read as follows:

14 **"§269-106 Billing periods; twelve-month reconciliation.**

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

19 (1) The feed-in rate of electricity generated by the  
20 eligible customer-generator and fed back to the  
21 electric grid over the monthly billing period; and



1           (2) ~~[Any unused credits for excess electricity from the~~  
2           ~~eligible customer-generator carried over from prior~~  
3           ~~months since the last twelve-month reconciliation~~  
4           ~~period.]~~ Eligible customer-generators with a credit  
5           balance due to a feed-in rate of electricity fed over  
6           the grid above the retail rate of electricity supplied  
7           by the utility shall have this dollar credit carry  
8           over to the next billing cycle for a twelve-month  
9           period.

10          (3) If at the end of a twelve-month period the eligible  
11          customer-generator has a dollar credit, the utility  
12          will send payment to the customer-generator for the  
13          dollar credit and the account will return to a zero  
14          balance.

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

19          SECTION 6. 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 credits for excess electricity from the~~  
7       ~~eligible customer generator carried over from prior~~  
8       ~~months since the last twelve-month reconciliation~~  
9       ~~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.] Eligible consumer-generators are~~  
17 ~~compensated at the feed-in tariff rate established by the public~~  
18 ~~utilities commission for all electricity fed onto the grid, but~~  
19 ~~pay for utility supplied electricity at the retail rate. Net~~  
20 ~~electricity consumption is calculated by comparing the dollar~~  
21 ~~values of electricity consumed and electricity fed onto the~~  
22 ~~grid."~~



1 SECTION 7. Section 269-108, Hawaii Revised Statutes, is  
2 amended to read as follows:

3 **"§269-108 Net electricity producers; excess electricity**  
4 **credits and credit carry over.** At the end of each monthly  
5 billing period, where the dollar value of electricity generated  
6 by the eligible customer-generator during the month compensated  
7 at the feed-in rate exceeds the dollar cost of electricity  
8 supplied by the electric utility at the retail rate during that  
9 same period, the eligible customer-generator is a net  
10 electricity producer and the electric utility shall [~~retain any~~  
11 ~~excess kilowatt hours generated during the prior monthly billing~~  
12 ~~period; provided that the excess electricity generated by the~~  
13 ~~customer-generator, if any, in each monthly billing period shall~~  
14 ~~be carried over to the next month as a monetary value to the~~  
15 ~~credit of the eligible customer-generator, which credit may~~  
16 ~~accumulate and be used to offset the compensation owed the~~  
17 ~~electric utility for the eligible customer-generator's net~~  
18 ~~kilowatt-hour consumption for succeeding months within each~~  
19 ~~twelve-month period; provided further that the electric utility~~  
20 ~~shall reconcile the eligible customer-generator's electricity~~  
21 ~~production and consumption for each twelve-month period as set~~  
22 ~~forth in section 269-106. The eligible customer-generator shall~~



1 ~~not be owed any compensation for excess kilowatt-hours unless~~  
2 ~~the electric utility enters into a purchase agreement with the~~  
3 ~~eligible customer-generator for these excess kilowatt-hours.]~~  
4 carry the dollar credit over into the next monthly billing  
5 cycle."

6 SECTION 8. This Act does not affect rights and duties that  
7 matured, penalties that were incurred, and proceedings that were  
8 begun before its effective date.

9 SECTION 9. Statutory material to be repealed is bracketed  
10 and stricken. New statutory material is underscored.

11 SECTION 10. This Act shall take effect on July 1, 2013.

12

INTRODUCED BY: Denny Coffman

JAN 24 2013



# H.B. NO. 1256

**Report Title:**

Feed In Tariff; Electricity;

**Description:**

Changes net-metering compensation system for consumers that generate electricity that is fed onto the grid by providing for feed-in tariff for electricity sold to the electric utility and retail rate for electricity supplied to customer-generators. Effective July 1, 2013.

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

