

JAN 31 2013

SENATE CONCURRENT RESOLUTION

REQUESTING THE CONSUMER ADVOCATE TO ESTABLISH A WORK GROUP TO EXAMINE HAWAIIAN ELECTRIC UTILITIES' TARIFF RULE NO. 14H TO DEVELOP METHODS AND PROCEDURES TO FACILITATE THE INCREASE IN PHOTOVOLTAIC SYSTEMS AND NET ENERGY METERING IN THE STATE.

1 WHEREAS, in October 2008, the Governor, Department of
2 Business, Economic Development, and Tourism, Division of
3 Consumer Advocacy of the Department of Commerce and Consumer
4 Protection, Hawaiian Electric Company, Hawaii Electric Light
5 Company, and Maui Electric Company signed the Hawaii Clean
6 Energy Agreement; and
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8 WHEREAS, the energy agreement stated that the future of
9 Hawaii requires the State to move decisively and irreversibly
10 away from imported fossil fuel for electricity and
11 transportation and toward locally produced renewable energy and
12 an ethic of energy efficiency; and
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14 WHEREAS, in order to reduce the demand for electricity and
15 increase energy efficiency, a system of utility regulation is
16 necessary to assure that Hawaii preserves a stable electric grid
17 and a financially sound electric utility; and
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19 WHEREAS, the energy agreement parties agreed that utility
20 regulation must include that there should be no system-wide caps
21 on net energy metering at any of the Hawaiian Electric
22 utilities; and
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24 WHEREAS, net energy metering is one way to lessen Hawaii's
25 dependence on imported oil by encouraging greater use of
26 eligible renewable energy sources like solar (photovoltaic),
27 wind, biomass, or hydroelectric power for electrical generation
28 by residential and commercial customers; and
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1 WHEREAS, photovoltaic energy systems are renewable energy
2 sources that capture sunlight through solar panels mounted on
3 roof tops and convert the sun's energy into electricity; and
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5 WHEREAS, all residential and commercial utility customers
6 who own and operate an eligible renewable energy generation
7 system, like a photovoltaic system, and intend to connect to a
8 utility electric grid must register their systems with the
9 utility by executing a net energy metering or standard
10 interconnection agreement; and
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12 WHEREAS, the net energy metering agreement allows customers
13 to connect their photovoltaic systems to the utility electric
14 grid to export surplus electricity and provide customers credits
15 that can be used to offset electricity purchases over a twelve-
16 month period; and
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18 WHEREAS, the net energy metering agreement is necessary for
19 safety reasons and in some cases, the electric utility company
20 may require a technical review in order to ensure that
21 installation of the photovoltaic system meets all safety
22 requirements and that the system will not adversely impact the
23 utility company's electric distribution system; and
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25 WHEREAS, under the energy agreement, the parties agreed
26 that distributed generation interconnection will be limited on a
27 per-circuit basis where generation, including photovoltaic
28 energy generation, feeding into the circuit be limited to no
29 more than fifteen percent of peak circuit demand for all
30 distribution-level circuits of twelve kilovolts or lower; and
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32 WHEREAS, furthermore, for those circuits where
33 interconnection requests, particularly for photovoltaic systems,
34 approach or exceed the fifteen percent threshold, the electric
35 utility will perform and complete an interconnection
36 supplemental review to determine whether the threshold can be
37 increased; and
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39 WHEREAS, in response to the energy agreement, the Hawaiian
40 Electric utilities each filed an application with the Public
41 Utilities Commission for approval to modify their respective
42 company's *Tariff Rule No. 14H - Interconnection of Distributed*
43 *Generating Facilities Operating In Parallel With The Company's*
44 *Electric System*; and



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2 WHEREAS, one of the amendments proposed increasing the
3 percentage of peak annual kilovolt-ampere load into the electric
4 grid from ten to fifteen percent; and

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6 WHEREAS, this fifteen percent distributed generation
7 penetration threshold would trigger an interconnection
8 supplemental review; and

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10 WHEREAS, additionally, this proposed amendment was
11 consistent with the energy industry rule-of-thumb used to
12 determine whether a proposed distributed generation will have
13 any impact associated with the interconnection; and

14
15 WHEREAS, lastly, the proposed amendment would raise the
16 penetration threshold and thereby allow the Hawaiian Electric
17 utilities to accept more distributed renewable generation into a
18 circuit before additional studies are required and in turn,
19 encourage more renewable generation interconnections, like
20 photovoltaic systems; and

21
22 WHEREAS, in May 2010, the Public Utilities Commission
23 issued a Decision and Order approving the increase in the peak
24 distributed generation penetration threshold to fifteen percent
25 along with other amendments to Tariff Rule No. 14H; and

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27 WHEREAS, in November 2011, the Public Utilities Commission
28 issued a second Decision and Order approving additional
29 amendments to Tariff Rule No. 14H, including streamlining the
30 interconnection supplemental review process for utility
31 customers who exceed the fifteen percent distributed generation
32 penetration threshold, setting timeframes for the
33 interconnection process, and establishing requirements for a
34 interconnection requirements study if a project fails to meet
35 initial technical screening criteria, such as the fifteen
36 percent distributed generation penetration threshold; and

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38 WHEREAS, the interest in and demand for household
39 photovoltaic systems is growing in Hawaii, especially as oil
40 prices and electricity rates have steadily increased in the past
41 couple of years; and

42
43 WHEREAS, however, despite efforts by the State and the
44 Hawaiian Electric utilities to facilitate more distributed



1 renewable generation into the circuit as well as more renewable
2 generation interconnections, interested customers in Hawaii are
3 unable to install photovoltaic panels because their homes are
4 located in areas that exceed the fifteen percent distributed
5 generation penetration threshold; and

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7 WHEREAS, the fifteen percent distributed generation
8 penetration threshold is criticized as being too conservative
9 and an obstacle to producing renewable energy in order to
10 decrease the State's dependence on imported fossil fuel for
11 electricity; and

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13 WHEREAS, furthermore, interconnection supplemental reviews
14 as a result of exceeding the fifteen percent penetration
15 threshold are often time-consuming and expensive because the
16 customer is responsible for paying for these reviews; and

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18 WHEREAS, thus, these reviews frequently create a situation
19 in which the proposed net energy metering application for the
20 installation of a photovoltaic system is withdrawn by the
21 customer; and

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23 WHEREAS, in light of the State and the Hawaiian Electric
24 utilities agreeing that there should be no system-wide caps on
25 net energy metering in the energy agreement and the State's
26 efforts pursuant to section 196-41, Hawaii Revised Statutes, in
27 achieving its renewable portfolio standards under section
28 269-92, Hawaii Revised Statutes, it is imperative that
29 mechanisms are in place and processes are streamlined to enable
30 the State to meet and maintain its renewable energy demands and
31 portfolio standards while ensuring safety of the electric grid
32 and fiscal responsibility; now, therefore,

33

34 BE IT RESOLVED by the Senate of the Twenty-seventh
35 Legislature of the State of Hawaii, Regular Session of 2013, the
36 House of Representatives concurring, that the Consumer Advocate
37 is requested to establish a work group to examine Hawaiian
38 Electric utilities' Tariff Rule No. 14H to develop methods and
39 procedures to facilitate the increase in photovoltaic systems
40 and net energy metering in the State; and

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42 BE IT FURTHER RESOLVED that the work group shall consist of
43 the following individuals:

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- 1 (1) Consumer Advocate or the Consumer Advocate's designee;
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- 3 (2) Director of Business, Economic Development, and
- 4 Tourism, or the Director's designee;
- 5
- 6 (3) President and Chief Executive Officer of Hawaiian
- 7 Electric Company, Inc., or the President and Chief
- 8 Executive Officer's designee;
- 9
- 10 (4) President of Hawaiian Electric Light Company, Inc., or
- 11 the President's designee;
- 12
- 13 (5) President of Maui Electric Company, Inc., or the
- 14 President's designee;
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- 16 (6) Representative from the Hawaii PV Coalition;
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- 18 (7) Director and President of Hawaii Renewable Energy
- 19 Alliance or the Director and President's designee; and
- 20
- 21 (8) President of the Hawaii Solar Energy Association or
- 22 the President's designee; and
- 23

24 BE IT FURTHER RESOLVED that the work group is requested to
25 examine the following:

- 26
- 27 (1) Identify and evaluate various factors that impact
- 28 renewable distributed generation by photovoltaic
- 29 systems in Hawaii, including but not limited to state
- 30 and federal renewable energy laws and regulations,
- 31 renewable energy industry standards and practices,
- 32 renewable energy distributed generation supply and
- 33 demand, renewable energy demographics and geographical
- 34 data, electric grid safety, and fiscal implications;
- 35
- 36 (2) Determine the feasibility of raising the distributed
- 37 generation penetration threshold to a higher
- 38 percentage in order to facilitate an increase in the
- 39 installation of photovoltaic systems on homes;
- 40
- 41 (3) Study other state jurisdictions to gain an
- 42 understanding of the other initial screening processes
- 43 and procedures in place for photovoltaic system
- 44 installations and evaluate the impact these processes



1 and procedures have on the electric utilities and
2 homeowners with photovoltaic systems;

- 3
4 (4) Study other applicable renewable distributed
5 generation interconnection studies by the United
6 States Department of Energy and other renewable energy
7 industries to gain an understanding and evaluate the
8 feasibility of raising the distributed generation
9 penetration threshold to a higher percentage;
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11 (5) Engage in discussions and allow input from
12 photovoltaic system retailers and consumers to
13 identify issues regarding photovoltaic systems
14 interconnections;
15
16 (6) Determine the feasibility of establishing an exemption
17 process and procedure for homeowners, as opposed to
18 commercial businesses, who reside in saturated areas
19 with a peak load distributed generation over fifteen
20 percent;
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22 (7) Collaborate with the Hawaii Clean Energy Initiative to
23 develop potential solutions to transform the existing
24 regulatory environment to facilitate a renewable
25 energy environment in the State; and
26
27 (8) Identify and discuss any other pertinent issues that
28 impact photovoltaic systems interconnection; and
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30 BE IT FURTHER RESOLVED that the work group is requested to
31 submit a written report of their findings and recommendations,
32 including any proposed legislation, to the Governor, the
33 Chairperson of the Public Utilities Commission, and the
34 Legislature no later than twenty days prior to the convening of
35 the Regular Session of 2014; and
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1 BE IT FURTHER RESOLVED that certified copies of this
 2 Concurrent Resolution be transmitted to the Consumer Advocate;
 3 Director of Business, Economic Development, and Tourism;
 4 Chairperson of the Public Utilities Commission; Hawaiian
 5 Electric Company, Inc.; Hawaiian Electric Light Company, Inc.;
 6 Maui Electric Company, Ltd.; Hawaii PV Coalition; Hawaii
 7 Renewable Energy; and Hawaii Solar Energy Association.

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Mike Gibbard

OFFERED BY: ~~DC. ...~~

Assembly of Baker
4/16/13
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