
A BILL FOR AN ACT

RELATING TO ENERGY.

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

1 SECTION 1. Hawaii has the most expensive electricity rates
2 in the nation. These high electricity rates are often
3 attributed to Hawaii's reliance on imported oil and an obsolete
4 electrical utilities business model that has not changed in over
5 a century. Hawaii electrical utilities still require a central
6 system operator to manage the power supply with fluctuating
7 customer demand, while striving to maintain the reliability of
8 the power system. Electrical utility problems are further
9 exacerbated by the fact that the aging analog controls used to
10 manage the electrical supply have become increasingly unreliable
11 and insecure.

12 To reduce both electricity prices and the State's
13 dependence on imported oil, Hawaii must modernize the electrical
14 grid to allow for competition in the production of electricity.
15 An intelligent, deregulated, digital electrical grid control
16 system will increase the reliability and security of the
17 electrical grid, manage the power supply to meet electricity
18 demands, help to increase electrical production competition, and



1 help move Hawaii toward the widespread use of renewable energy.
2 To increase use of renewable energy, Hawaii must remove barriers
3 preventing competition in the electricity production
4 marketplace, while ensuring the stability of the electrical
5 grid.

6 The purpose of this Act is to require the public utilities
7 commission to establish rules in support of the implementation
8 of privately owned microgrids so that electrical customers have
9 a choice of utilities from which to purchase electricity.

10 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
11 amended by adding a new section to be appropriately designated
12 and to read as follows:

13 "§269- Privately owned microgrids. (a) Notwithstanding
14 any provision of this chapter or any franchise, charter, law,
15 decision, order, or rule to the contrary, the public utilities
16 commission shall adopt rules authorizing and licensing privately
17 owned microgrids. The public utilities commission and the
18 consumer advocate shall at all times consider the ownership
19 structure and interests of a microgrid in determining the need
20 for, and scope of, microgrid regulatory oversight.

21 (b) For the purposes of this section, "microgrid" means a
22 group of interconnected loads and distributed energy resources



H.B. NO. 1518

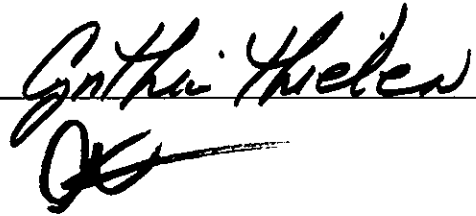
1 within clearly defined electrical boundaries that acts as a
2 single controllable entity with respect to the grid and can
3 connect to the grid to operate in grid-connected mode and can
4 disconnect from the grid to operate in island mode."

5 SECTION 3. New statutory material is underscored.

6 SECTION 4. This Act shall take effect upon its approval.

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INTRODUCED BY:



JAN 08 2014



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Report Title:

Energy; Electricity; Microgrid; Privately Owned

Description:

Requires the public utilities commission to enact rules authorizing the establishment of privately owned microgrids.

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