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# A BILL FOR AN ACT

RELATING TO THE MODERNIZATION OF THE HAWAII ELECTRIC SYSTEM.

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

1           SECTION 1. Section 269-145.5, Hawaii Revised Statutes, is  
2 amended to read as follows:

3           " ~~[+] §269-145.5 [±]~~ Advanced grid modernization technology;  
4 principles. (a) The commission, in carrying out its  
5 responsibilities under this chapter, shall consider the value of  
6 improving electrical generation, transmission, and distribution  
7 systems and infrastructure within the State through the use of  
8 advanced grid modernization technology in order to improve the  
9 overall reliability and operational efficiency of the Hawaii  
10 electric system.

11           (b) The commission shall address technical, policy, and  
12 economic issues associated with modernization of the electric  
13 grid, based on the following principles:

14           (1) Enable a diverse portfolio of renewable energy  
15           resources that adheres to customers' preferences;

16           (2) Expand options for customers to manage their energy  
17           use;



- 1        (3) Maximize distributed generation interconnections in
- 2        non-discriminatory terms and at just and reasonable
- 3        rates, while maintaining reliability of the grid,
- 4        through applicable rules, orders, and tariffs;
- 5        (4) Provide fair payment for grid services provided to
- 6        customers and fairly compensate customers for valuable
- 7        services provided to the grid by distributed
- 8        generation; and
- 9        (5) Incorporate customers' current and forecasted
- 10       preferences into the utility distribution system and
- 11       integrated resource planning."

12       SECTION 2. (a) By July 1, 2014, the public utilities  
 13       commission shall commence a proceeding to address the technical,  
 14       policy, and economic issues associated with the modernization of  
 15       the electric grid in the State, based on the principles in  
 16       section 269-145.5(b), Hawaii Revised Statutes.

17       The scope of the commission proceeding shall include:

- 18       (1) Identifying and implementing technical solutions to
- 19       enable customer access to distributed generation and
- 20       avoid interconnection delays;
- 21       (2) Developing a framework for modernizing the grid to
- 22       maximize customer options to manage their energy use,

1           and to allocate the costs of grid upgrades based on a  
2           comprehensive view of costs and benefits to customers,  
3           the electric utility grid, and the public interest;  
4           and

5           (3) Developing a framework for modernizing utility rates  
6           related to customer options such as distributed  
7           generation based on a comprehensive view of costs and  
8           benefits to customers, the electric utility grid, and  
9           the public interest using best practices for modeling.

10          (b) The commission proceeding under this section shall  
11         encompass one or more procedural timelines, as determined by the  
12         public utilities commission, to expedite the implementation of  
13         short-term solutions and minimize delays on customer access to  
14         distributed generation.

15          (c) While the commission proceeding required under this  
16         section is pending, the public utilities commission shall  
17         require a public utility to file with the commission a detailed  
18         report on each customer request to interconnect distributed  
19         generation that the utility has denied or has delayed for at  
20         least thirty days beyond any applicable deadline in the  
21         utility's interconnection procedures.



1 The report shall include:

- 2 (1) The precise technical reasons that the interconnection  
3 request has not been approved;
- 4 (2) The specific technical solutions the utility is  
5 pursuing, including customer-sited and grid-sited  
6 alternatives; and
- 7 (3) The specific timeframe for implementing each potential  
8 solution.

9 The utility shall also file quarterly and annual reports  
10 with the public utilities commission. The reports shall be open  
11 to the public and shall summarize the aggregate information in  
12 the detailed reports specified in this section.

13 The public utilities commission shall submit a final report  
14 of its findings and recommendations to the legislature no later  
15 than twenty days prior to the convening of the regular session  
16 of 2016, and shall submit quarterly interim progress reports to  
17 the legislature on the implementation of short-term solutions.

18 (d) The public utilities commission and the division of  
19 consumer advocacy of the department of commerce and consumer  
20 affairs shall be exempt from section 103D-304, Hawaii Revised  
21 Statutes, in its procurement of any professional services needed  
22 to conduct the commission proceeding.



1 SECTION 3. There is appropriated out of the general  
2 revenues of the State of Hawaii the sum of \$ or so much  
3 thereof as may be necessary for fiscal year 2014-2015 for the  
4 public utilities commission to conduct the proceeding required  
5 pursuant to section 2 of this Act; provided that the public  
6 utilities commission shall provide intervener parties access to  
7 professional services procured by the commission as necessary  
8 and appropriate to enable full and fair stakeholder  
9 participation in the proceeding.

10 The sum appropriated shall be expended by the public  
11 utilities commission for the purposes of this Act.

12 SECTION 4. There is appropriated out of the general  
13 revenues of the State of Hawaii the sum of \$ or so much  
14 thereof as may be necessary for fiscal year 2014-2015 for the  
15 division of consumer advocacy of the department of commerce and  
16 consumer affairs to represent the interests of consumers in  
17 accordance with section 269-51, Hawaii Revised Statutes, in the  
18 course of the proceeding required pursuant to section 2 of this  
19 Act.

20 The sum appropriated shall be expended by the department of  
21 commerce and consumer affairs for the purposes of this Act.



1 SECTION 5. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

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



**Report Title:**

Grid Modernization; Hawaii Electric System; Public Utilities Commission; Appropriation

**Description:**

Amends the public utilities commission principles regarding the modernization of the electric grid. Requires the commission to initiate a proceeding no later than July 1, 2014, to discuss upgrades to the Hawaii electric system for anticipated growth of customer generation. Appropriates funds to cover costs of the proceeding. Effective July 1, 2050. (HB1943 HD2)

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

