
A BILL FOR AN ACT

RELATING TO SOLAR ENERGY SUSTAINABILITY.

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

1 SECTION 1. The legislature finds that solar energy is
2 produced by collecting sunlight and converting it into
3 electricity. This is done by using solar panels, which are
4 large flat panels made up of many individual solar cells. It is
5 most often used in remote locations, although it is becoming
6 more popular in urban areas as well.

7 The major advantage of solar energy is that no pollution is
8 created in the process of generating electricity. Solar energy
9 is clean, renewable (unlike gas, oil, and coal) and sustainable,
10 helping to protect the environment. Furthermore, solar energy
11 does not require any fuel. It does not pollute the air by
12 releasing carbon dioxide, nitrogen oxide, sulfur dioxide, or
13 mercury into the atmosphere, as do many traditional methods of
14 electrical generation. Therefore, solar energy does not
15 contribute to global warming, acid rain, or smog. In fact,
16 solar energy actively contributes to the decrease of harmful
17 greenhouse gas emissions.



1 The legislature further finds that solar panels can be
2 flexibly applied to a variety of stationary or portable
3 applications and offer much more self-reliance than depending
4 upon a power utility as the sole source of electricity. After
5 the initial investment has been recovered, the energy from the
6 sun is practically free. Solar energy systems are virtually
7 maintenance free and will last for decades.

8 Moreover, because fuel is not consumed, solar energy does
9 not contribute to the cost and problems of recovering and
10 transporting fuel or storing radioactive waste. Solar energy is
11 generated where it is needed. Solar energy not only reduces
12 electricity costs, but it can also supply residences and
13 businesses with electricity in the event of a power outage.
14 Finally, the use of solar energy indirectly reduces health
15 costs, as solar panels operate silently, have no moving parts,
16 do not release offensive smells, and do not require fuel.

17 The legislature finds that this Act promotes solar energy
18 sustainability in this State by:

19 (1) Repealing the fifty kilowatt ceiling for electricity
20 customers to become eligible customer-generators;



- 1 (2) Requiring electric utilities to pay net electricity
- 2 producers for excess hours and specifies the
- 3 compensation rate;
- 4 (3) Increasing the compensation commensurate with rate
- 5 increases due to increased fuel costs; and
- 6 (4) Extending the renewable energy technologies income tax
- 7 credit to cover the installation of battery backup
- 8 systems.

9 SECTION 2. Section 235-12.5, Hawaii Revised Statutes, is
10 amended by amending subsection (a) to read as follows:

11 "(a) When the requirements of subsection (d) are met, each
12 individual or corporate taxpayer that files an individual or
13 corporate net income tax return for a taxable year may claim a
14 tax credit under this section against the Hawaii state
15 individual or corporate net income tax. The tax credit may be
16 claimed for every eligible renewable energy technology system
17 that is installed and placed in service in the State by a
18 taxpayer during the taxable year. The tax credit may be claimed
19 as follows:



1 (1) For each solar energy system: thirty-five per cent of
2 the actual cost or the cap amount determined in
3 subsection (b), whichever is less; [~~or~~]

4 (2) For each wind-powered energy system: twenty per cent
5 of the actual cost or the cap amount determined in
6 subsection (b), whichever is less; or

7 (3) For each battery backup system: thirty-five per cent
8 of the actual cost;

9 provided that multiple owners of a single system shall be
10 entitled to a single tax credit; and provided further that the
11 tax credit shall be apportioned between the owners in proportion
12 to their contribution to the cost of the system.

13 In the case of a partnership, S corporation, estate, or
14 trust, the tax credit allowable is for every eligible renewable
15 energy technology system that is installed and placed in service
16 in the State by the entity. The cost upon which the tax credit
17 is computed shall be determined at the entity level.

18 Distribution and share of credit shall be determined pursuant to
19 section 235-110.7(a)."

20 SECTION 3. Section 269-108, Hawaii Revised Statutes, is
21 amended to read as follows:



1 "§269-108 Net electricity producers; excess electricity
2 credits and credit carry over. At the end of each monthly
3 billing period, where the electricity generated by the eligible
4 customer-generator during the month exceeds the electricity
5 supplied by the electric utility during that same period, the
6 eligible customer-generator is a net electricity producer and
7 the electric utility shall retain any excess kilowatt-hours
8 generated during the prior monthly billing period; provided that
9 the excess electricity generated by the customer-generator, if
10 any, in each monthly billing period shall be carried over to the
11 next month as a monetary value to the credit of the eligible
12 customer-generator, which credit may accumulate and be used to
13 offset the compensation owed the electric utility for the
14 eligible customer-generator's net kilowatt-hour consumption for
15 succeeding months within each twelve-month period; provided
16 further that the electric utility shall reconcile the eligible
17 customer-generator's electricity production and consumption for
18 each twelve-month period as set forth in section 269-106. The
19 eligible customer-generator shall ~~[not]~~ be owed ~~[any]~~
20 compensation for excess kilowatt-hours ~~[unless the electric~~
21 ~~utility enters into a purchase agreement with the eligible~~



1 ~~customer generator for these excess kilowatt hours.]~~ that shall
2 be calculated at the average rate that the electric utility pays
3 for power generated by other contracted sources, unadjusted for
4 any true-up period; provided that the compensation shall be
5 increased penny-for-penny for every cent that the electric
6 utility increases its rates due to increased fuel costs."

7 SECTION 4. Section 269-101.5, Hawaii Revised Statutes, is
8 repealed.

9 [~~"§269-101.5] Maximum capacity of eligible customer-~~
10 ~~generator. The eligible customer generator shall have a~~
11 ~~capacity of not more than fifty kilowatts; provided that the~~
12 ~~public utilities commission may increase the maximum allowable~~
13 ~~capacity that eligible customer generators may have to an amount~~
14 ~~greater than fifty kilowatts by rule or order."]~~

15 SECTION 5. This Act does not affect rights and duties that
16 matured, penalties that were incurred, and proceedings that were
17 begun before its effective date.

18 SECTION 6. Statutory material to be repealed is bracketed
19 and stricken. New statutory material is underscored.



H.B. NO. 1611

1 SECTION 7. This Act shall take effect upon its approval.

2

INTRODUCED BY:

Gabrielle Charbonnet

JAN 19 2016



H.B. NO. 1611

Report Title:

Net Energy Metering; Renewable Energy Technologies Income Tax Credit

Description:

Repeals the fifty kilowatt ceiling for electricity customers to become eligible customer-generators. Requires electric utilities to pay net electricity producers for excess hours and specifies the compensation rate. Increases the compensation commensurate with rate increases due to increased fuel costs. Extends renewable energy technologies income tax credit to cover the installation of battery backup systems.

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

