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# A BILL FOR AN ACT

RELATING TO WHEELING.

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

1           SECTION 1. The legislature finds that Hawaii's electricity  
2 customers continue to endure the highest electricity prices in  
3 the country, and the high cost of this essential service imposes  
4 substantial burdens on Hawaii's households and businesses.

5           The legislature further finds that while some states in the  
6 1990s opted to fully or partially unbundle their electricity  
7 sectors to allow for competitive generation segments, separate  
8 transmission and distribution segments, and independent system  
9 operators, Hawaii has yet to unbundle its electricity sector,  
10 with each island's utility still operating as a vertically-  
11 integrated regulated monopoly.

12           The legislature further finds that retail wheeling refers  
13 to the distribution of electricity owned by an independent power  
14 supplier and sold to a retail consumer over transmission and  
15 distribution lines of a public utility that is not itself  
16 producing the electricity. While fifteen other states have  
17 actively restructured their energy markets and adopted retail



1 wheeling in some form, in Hawaii, independent power producers  
2 must sell power to a public utility rather than allowing for  
3 direct sale to end users.

4 The legislature further finds that in an environment and  
5 electricity market such as Hawaii's, wheeling can provide a  
6 vehicle for increased competition in energy markets and improved  
7 service and customer choice without requiring the utility to  
8 divest its own generation assets or lose control over the  
9 operation of transmission and distribution.

10 The legislature further finds that retail wheeling can be  
11 an effective means of fostering innovation and greater renewable  
12 energy production, as independent power producers can take  
13 advantage of end user preferences for cleaner power to secure  
14 higher prices for their output than may be possible under a  
15 given utility's avoided cost formula.

16 The legislature further finds that allowing retail wheeling  
17 would provide an alternative option for independent power  
18 producers that are not presently covered under the feed-in-  
19 tariff schedule being established by the public utilities  
20 commission and the consumer advocate.



1           The legislature further finds that expanding independent  
2 power producers' off-take options will help to attract  
3 additional renewable energy investment, contributing to local  
4 economic development, job creation, and greater energy security  
5 for the State.

6           The purpose of this Act is to require the public utilities  
7 commission to establish policies and rules that implement retail  
8 wheeling to increase competition within Hawaii's electrical  
9 markets, expand customer choice, provide incentives for the  
10 production of renewable energy, and diversify Hawaii's energy  
11 base.

12           SECTION 2. Section 269-1, Hawaii Revised Statutes, is  
13 amended by adding a new definition to be appropriately inserted  
14 and to read as follows:

15           "Retail wheeling" means the process of transmitting  
16 electric power from a seller's point of generation across a  
17 third-party-owned transmission and distribution system and  
18 facility, including but not limited to transmission and  
19 distribution systems and facilities of electric utility  
20 companies, to the seller's retail customer."



1 SECTION 3. Chapter 269, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4 "§269- Retail wheeling; rules and procedures. No later  
5 than January 1, 2017, the public utilities commission shall  
6 establish necessary policies and rules, pursuant to chapter 91,  
7 and the requirements for electric utility company tariffs and  
8 rules, as may be necessary, for the implementation of retail  
9 wheeling to enable independent power producers to sell  
10 electricity directly to end users."

11 SECTION 4. The public utilities commission shall report on  
12 the status of the implementation of retail wheeling, including  
13 providing any proposed legislation, to the legislature no later  
14 than twenty days prior to the convening of the regular session  
15 of 2017, and every year thereafter until the implementation of  
16 retail wheeling is complete.

17 SECTION 5. New statutory material is underscored.

18 SECTION 6. This Act shall take effect on January 28, 2017.



**Report Title:**

Electricity; Retail Wheeling

**Description:**

Requires the Public Utilities Commission to establish policies and rules for the implementation of retail wheeling. Requires the Commission to report on the status of the implementation of retail wheeling annually until the implementation is complete.  
(HB2076 HD1)

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

