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# A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

1           SECTION 1. Chapter 196, Hawaii Revised Statutes, is  
2 amended by adding a new section to be appropriately designated  
3 and to read as follows:

4           "§196-       Energy storage system rebate program. (a) There  
5 is established a Hawaii energy storage system rebate program  
6 that shall be administered by the department in a manner  
7 consistent with this chapter.

8           The department:

- 9           (1) Shall prepare any forms that may be necessary for a  
10           person to claim a rebate from the energy storage  
11           system fund;
- 12           (2) May also require a person claiming a rebate under this  
13           section to furnish reasonable information to ascertain  
14           the validity of the claim, including but not limited  
15           to, documentation necessary to demonstrate that the  
16           system for which the rebate is claimed is an eligible  
17           energy storage system;



- 1       (3) Shall make best efforts to post on its website, within  
2       regular and reasonable periods of time, the current  
3       amounts remaining in the energy storage system fund;
- 4       (4) Shall adopt, pursuant to chapter 91, any rules  
5       necessary to effectuate the purposes of this section.  
6       The department's rules shall include rules to allow a  
7       person to secure the applicable level of rebate after  
8       the purchase of the system, but prior to the system's  
9       installation, so long as the system is installed and  
10       placed into service within a reasonable timeframe  
11       established by the department; and
- 12       (5) May contract with a third party for services to assist  
13       with administering the energy storage system rebate  
14       program. Such procurement of services shall be exempt  
15       from the requirements of chapter 103D.
- 16       (b) Each person that purchases and installs in this State  
17       an eligible energy storage system may apply to the department,  
18       within twelve months of the eligible energy storage system being  
19       first placed into service, to claim a one-time rebate from the  
20       energy storage system fund, as follows:



- 1        (1) When the funds remaining in the energy storage system  
2        fund are greater than \$35,000,000, each eligible  
3        energy storage system shall receive the lesser of 25  
4        cents per watt-hour of the system's capacity of  
5        useable stored energy or the cap amount determined in  
6        subsection (c), if applicable;
- 7        (2) When the funds remaining in the energy storage system  
8        fund are greater than \$20,000,000 but less than or  
9        equal to \$35,000,000, each eligible energy storage  
10       system shall receive the lesser of 20 cents per watt-  
11       hour of the system's capacity of useable stored energy  
12       or the cap amount determined in subsection (c), if  
13       applicable; and
- 14       (3) When the funds remaining in the energy storage system  
15       fund are less than or equal to \$20,000,000, each  
16       eligible energy storage system shall receive the  
17       lesser of 15 cents per watt-hour of the system's  
18       capacity of useable stored energy or the cap amount  
19       determined in subsection (c), if applicable.
- 20       (c) The amount of rebate allowed for each eligible energy  
21       storage system for which the primary purpose is to store and



1 discharge energy collected from a renewable energy system  
2 electrically connected on-site to the eligible energy storage  
3 system shall not exceed the applicable cap amount, which shall  
4 be:

5 (1) \$5,000 per system for single-family residential  
6 property; and

7 (2) \$100,000 per system for commercial and multi-family  
8 residential properties.

9 (d) This section shall apply to eligible energy storage  
10 systems that are installed and first placed in service after  
11 December 31, 2016.

12 (e) Nothing in this section shall alter taxes due on the  
13 original purchase price of an eligible energy storage system  
14 prior to the application of this rebate. Any rebate received  
15 pursuant to the energy storage system rebate program shall not  
16 be considered income for the purposes of state or county taxes."

17 SECTION 2. Chapter 196, Hawaii Revised Statutes, is  
18 amended by amending the title of part IV to read as follows:

19 " ~~[+]~~ PART IV. ~~[+]~~ GREEN INFRASTRUCTURE LOANS AND ENERGY STORAGE  
20 SYSTEM REBATE PROGRAM"



1 SECTION 3. Section 196-61, Hawaii Revised Statutes, is  
2 amended by adding six new definitions to be appropriately  
3 inserted and to read as follows:

4 "Eligible energy storage system" means any identifiable  
5 facility, equipment, or apparatus that:

- 6 (1) Receives electricity generated from another source or  
7 other sources, stores that electricity within a  
8 battery and delivers the energy back at a later time  
9 to the energy storage system user, an electric  
10 utility, or the Hawaii electric system;
- 11 (2) Is fixed to a residential or commercial property and  
12 electrically connected to an energy storage system  
13 user's load or generation;
- 14 (3) Is sized and designed such that all of the eligible  
15 energy storage system's output is intended to offset  
16 all or part of the energy storage system user's load;
- 17 (4) Has capacity of at least 2.5 kilowatts of continuous  
18 battery charge and discharge power and at least five  
19 kilowatt-hours of useable stored energy at time of  
20 purchase;



- 1        (5) Is protected by a manufacturer's warranty of at least
- 2            ten years or a minimum of three thousand cycles;
- 3        (6) Is not owned by an electric utility; and
- 4        (7) Is connected to an electric utility grid, unless:
- 5            (A) The electric utility does not offer, at the time
- 6            of purchase of the energy storage system,
- 7            electric service to the property that would be
- 8            served by the energy storage system;
- 9            (B) The customer-generator applied for
- 10           interconnection with the electric utility but has
- 11           not received interconnection approval from the
- 12           electric utility within forty-five days of the
- 13           electric utility receiving the application for
- 14           interconnection that has not been denied for lack
- 15           of completeness; or
- 16           (C) The electric utility has proposed interconnection
- 17           fees of ten per cent or greater of the purchase
- 18           price of the energy storage system.
- 19        "Energy storage system fund" means the moneys from the
- 20        Hawaii green infrastructure special fund authorized by this part

1 for the purpose of providing rebates for eligible energy storage  
2 systems through the energy storage system rebate program.

3 "Energy storage system rebate program" means the program  
4 established by section 196- to fund rebates for eligible  
5 energy storage systems from the energy storage system fund.

6 "Energy storage system user" means the property owner, or  
7 the property owner's lessees or tenants, that use the energy  
8 discharged by the eligible energy storage system on the property  
9 where the eligible energy storage system is located or on  
10 contiguous property owned or leased by the property owner  
11 without regard to interruptions in contiguity caused by  
12 easements, public thoroughfares, transportation rights-of-way,  
13 and utility rights-of-way.

14 "First placed in service" has the same meaning as title 26  
15 Code of Federal Regulations sections 1.167(a)-11(e)(1).

16 "Renewable energy system" has the same meaning as that in  
17 section 269-1."

18 SECTION 3. Section 196-64, Hawaii Revised Statutes, is  
19 amended to read as follows:

20 "[+]§196-64[+] Functions, powers, and duties of the  
21 authority. (a) In the performance of, and with respect to the



1 functions, powers, and duties vested in the authority by this  
2 part, the authority, as directed by the director and in  
3 accordance with a green infrastructure loan program order or  
4 orders under section 269-171 or an annual plan submitted by the  
5 authority pursuant to this section, as approved by the public  
6 utilities commission may:

- 7 (1) Make loans and expend funds to finance the purchase or  
8 installation of green infrastructure equipment for  
9 clean energy technology, demand response technology,  
10 and energy use reduction and demand side management  
11 infrastructure, programs, and services;
- 12 (2) Hold and invest moneys in the green infrastructure  
13 special fund in investments as permitted by law and in  
14 accordance with approved investment guidelines  
15 established in one or more orders issued by the public  
16 utilities commission pursuant to section 269-171;
- 17 (3) Hire employees necessary to perform its duties,  
18 including an executive director. The executive  
19 director shall be appointed by the authority, and the  
20 employees' positions, including the executive  
21 director's position, shall be exempt from chapter 76;





- 1           (4) Enter into contracts for the service of consultants  
2                   for rendering professional and technical assistance  
3                   and advice, and any other contracts that are necessary  
4                   and proper for the implementation of the loan program;
- 5           (5) Enter into contracts for the administration of the  
6                   loan program, without the necessity of complying with  
7                   chapter 103D;
- 8           (6) Establish loan program guidelines to be approved in  
9                   one or more orders issued by the public utilities  
10                  commission pursuant to section 269-171 to carry out  
11                  the purposes of this part;
- 12          (7) Be audited at least annually by a firm of independent  
13                  certified public accountants selected by the  
14                  authority, and provide the results of this audit to  
15                  the department and the public utilities commission;  
16                  and
- 17          (8) Perform all functions necessary to effectuate the  
18                  purposes of this part.
- 19          (b) The authority shall submit to the public utilities  
20                  commission an annual plan for review and approval no later than  
21                  ninety days prior to the start of each fiscal year. The annual



1 plan submitted by the authority shall include the authority's  
2 projected operational budget for the succeeding fiscal year.

3 (c) Notwithstanding subsections (a) and (b), the authority  
4 shall make available from the Hawaii green infrastructure  
5 special fund the amount designated in section 196-65(c) for the  
6 energy storage system rebate program."

7 SECTION 4. Section 196-65, Hawaii Revised Statutes, is  
8 amended to read as follows:

9 "[+]§196-65[+] Hawaii green infrastructure special fund.

10 (a) There is established the Hawaii green infrastructure  
11 special fund into which shall be deposited:

- 12 (1) The proceeds of bonds net of issuance costs and  
13 reserves or overcollateralization amounts;
- 14 (2) Green infrastructure charges received for the use and  
15 services of the loan program, including the repayment  
16 of loans made under the loan program;
- 17 (3) All other funds received by the department or the  
18 authority and legally available for the purposes of  
19 the green infrastructure special fund;
- 20 (4) Interest earnings on all amounts in the green  
21 infrastructure special fund; and



1           (5) Such other moneys as shall be permitted by an order of  
2           the public utilities commission.

3           The Hawaii green infrastructure special fund shall not be  
4 subject to section 37-53. Any amounts received from green  
5 infrastructure charges or any other net proceeds earned from the  
6 allocation, use, expenditure, or other disposition of amounts  
7 approved by the public utilities commission and deposited or  
8 held in the Hawaii green infrastructure special fund in excess  
9 of amounts necessary for the purposes of [~~subsection~~]  
10 subsections (b) and (c) shall be credited to electric utility  
11 customers as provided in a green infrastructure loan program  
12 order or orders. Funds that are transferred back to the  
13 electric utility in order to credit electric utility customers  
14 under this subsection shall not be considered revenue of the  
15 electric utility and shall not be subject to state or county  
16 taxes.

17           (b) Moneys in the Hawaii green infrastructure special fund  
18 may be used, subject to the approval of the public utilities  
19 commission, for the purposes of:



- 1 (1) Making green infrastructure loans;
- 2 (2) Paying administrative costs of the Hawaii green
- 3 infrastructure loan program;
- 4 (3) Paying any other costs related to the Hawaii green
- 5 infrastructure loan program; or
- 6 (4) Paying financing costs, as defined in section 269-161,
- 7 to the extent permitted by the public utilities
- 8 commission in a financing order issued pursuant to
- 9 section 269-163.

10 (c) \$50,000,000 from the Hawaii green infrastructure  
 11 special fund shall be transferred on a one-time, lump-sum basis  
 12 to create the energy storage system fund, which shall provide  
 13 moneys for the energy storage system rebate program. The energy  
 14 storage system fund shall be used only for the purposes of:

- 15 (1) Making energy storage system rebate program payments
- 16 pursuant to section 196- ; and
- 17 (2) Paying the department's administrative costs for
- 18 operating the energy storage system rebate program.

19 ~~[-(e)]~~ (d) The authority may invest funds held in the  
 20 Hawaii green infrastructure special fund in investments as  
 21 permitted by law, and in accordance with approved investment



1 guidelines established in one or more orders issued by the  
2 public utilities commission pursuant to section 269-171. All  
3 amounts in the Hawaii green infrastructure special fund shall be  
4 exempt from all taxes and surcharges imposed by the State or the  
5 counties."

6 SECTION 6. Section 269-170, Hawaii Revised Statutes, is  
7 amended by amending subsection (a) to read as follows:

8 "(a) The authority shall submit an application to the  
9 public utilities commission for the use or other disposition of  
10 amounts deposited or held in the green infrastructure special  
11 fund pursuant to section 196-65 prior to the allocation, use,  
12 expenditure, or other disposition of any such amounts; provided  
13 that this subsection shall not apply to the following:

14 (1) The expenditure of amounts deposited or held in the  
15 green infrastructure special fund that have been  
16 reviewed and approved by the public utilities  
17 commission for operational or administrative expenses  
18 of the authority pursuant to section 196-64 [-]; and

19 (2) The expenditure of amounts deposited or held in the  
20 Hawaii green infrastructure special fund for the



1           purpose of funding the energy storage system fund,  
2           pursuant to section 196-65(c)."

3           SECTION 7. (a) The legislature finds and declares that  
4 the issuance of rebates under this Act is in the public interest  
5 and for the public health, safety, and welfare.

6           (b) The department of business, economic development, and  
7 tourism, and the green infrastructure authority embedded within  
8 the department, shall use \$50,000,000 from the Hawaii green  
9 infrastructure special as specified in section 196-65(c), Hawaii  
10 Revised Statutes, to fund the energy storage system fund that is  
11 created by this Act, and develop any forms and rules necessary  
12 for the implementation of the program, no later than December  
13 31, 2016.

14           (c) To the extent there is any conflict between this Act  
15 and part III of chapter 39, Hawaii Revised Statutes, this Act  
16 shall prevail.

17           SECTION 8. There is appropriated out of the Hawaii green  
18 infrastructure special fund established pursuant to section 196-  
19 65, Hawaii Revised Statutes, the sum of \$50,000,000, or so much  
20 thereof as may be necessary for fiscal year 2016-2017 to be  
21 deposited into the energy storage system fund.



1 SECTION 9. There is appropriated out of the energy storage  
2 system fund the sum of \$50,000,000 or so much thereof as may be  
3 necessary for fiscal year 2016-2017 for the energy storage  
4 system rebate program.

5 The sum appropriated shall be expended by the department of  
6 business, economic development, and tourism for the purposes of  
7 this Act.

8 SECTION 10. If any provision of this Act, or the  
9 application thereof to any person or circumstance, is held  
10 invalid, the invalidity does not affect other provisions or  
11 applications of the Act that can be given effect without the  
12 invalid provision or application, and to this end the provisions  
13 of this Act are severable.

14 SECTION 11. This Act does not affect rights and duties  
15 that matured, penalties that were incurred, and proceedings that  
16 were begun before its effective date.

17 SECTION 12. Statutory material to be repealed is bracketed  
18 and stricken. New statutory material is underscored.

19 SECTION 13. This Act shall take effect upon its approval.



**Report Title:**

Energy Storage Rebate Program; Hawaii Green Infrastructure Loan Program; Appropriation

**Description:**

Establishes an energy storage system rebate program to provide qualified individuals a one-time rebate for installing an eligible energy storage system within the State. (SB2738 HD2)

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

