

JAN 27 2016

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# A BILL FOR AN ACT

RELATING TO COMMUNITY-BASED RENEWABLE ENERGY.

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

1           SECTION 1. Act 100, Session Laws of Hawaii 2015,  
2 authorized community-based renewable energy tariffs so that all  
3 Hawaii residents could participate in and enjoy the economic,  
4 environmental, and societal benefits of renewable energy. The  
5 legislature found that while residential solar energy use has  
6 grown significantly across the State in recent years, many  
7 residents and businesses are currently unable to directly  
8 participate in renewable energy generation because of their  
9 location, building type, lack of access to the electric utility  
10 grid, and other impediments. Act 100, Session Laws of Hawaii  
11 2015, required Hawaii's electric utilities to rectify this  
12 inequity by authorizing community-based renewable energy  
13 programs that would dramatically expand the market for eligible  
14 renewable energy resources to include residential and business  
15 renters, occupants of residential and commercial buildings with  
16 shaded or improperly oriented roofs, and others who are unable  
17 to access the benefits of on-site clean energy generation. The



1 legislature further found that a community-based renewable  
2 energy tariff should accommodate a variety of community-based  
3 renewable energy projects, models, and sizes. To this end, the  
4 legislature directed electric utilities to design the community-  
5 based renewables program in collaboration with the department of  
6 business, economic development, and tourism and other  
7 stakeholders from the renewable energy industry and  
8 environmental advocacy community.

9 Despite this bold and detailed vision from the legislature,  
10 Hawaii consumers are still unable to participate in a community-  
11 based renewable energy program. A proposal submitted by several  
12 electric utilities fell far short of the legislature's vision in  
13 scope, scale, and accessibility. To ensure that the inequity in  
14 access to renewable energy is resolved in a timelier fashion,  
15 the legislature finds that it is necessary to re-visit the  
16 community-based renewable energy program.

17 Hawaii's community-based renewable energy program, in  
18 addition to any pending proposals for community-based renewable  
19 energy, shall include a community-based net energy metering  
20 program available to customers. To ensure that the  
21 opportunities afforded to participants in the community-based



1 net energy metering program will be commensurate with the  
2 opportunities afforded to participants in net energy metering,  
3 community-based net energy metering shall operate in generally  
4 the same manner and scale as the State's net energy metering  
5 programs.

6 The purpose of this Act is to minimize any further delay in  
7 the Hawaii community-based renewable energy program, thereby  
8 making the benefits of renewable energy generation more  
9 accessible to a greater number of Hawaii residents.

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

13 "PART .

14 **COMMUNITY NET ENERGY METERING**

15 §269-A Definitions. As used in this part:

16 "Community net energy metering" means measuring the  
17 difference between the total electricity supplied to an eligible  
18 community net energy metering customer-generator through the  
19 electric grid, and the electricity generated by the customer's  
20 interest in an eligible facility, over a monthly billing period.



1 "Eligible community net energy metering customer-generator"  
2 means a metered residential or commercial customer, including a  
3 government entity, of an electric utility, who obtains an  
4 interest in a community net energy metering facility that  
5 generates renewable energy as defined under section 269-91;  
6 provided that electric utility customers who participate in a  
7 net energy metering program pursuant to section 269-102 shall  
8 not be eligible for participation in community net energy  
9 metering.

10 "Eligible facility" means a community net energy metering  
11 facility that generates renewable energy as defined under  
12 section 269-91 and in which eligible community net energy  
13 metering customer-generators obtain an interest in accordance  
14 with this part. If only a portion of the ownership or other  
15 interest in a renewable energy facility is held by eligible  
16 community net energy metering customer-generators, then only  
17 that portion of the facility shall be considered the eligible  
18 facility.

19 §269-B Maximum capacity of eligible community net energy  
20 metering customer-generator. The eligible community net energy  
21 metering customer-generator's interest in an eligible facility



1 shall have a capacity of not more than fifty kilowatts; provided  
2 that the public utilities commission may increase the maximum  
3 allowable capacity that eligible customer-generators may have to  
4 an amount greater than fifty kilowatts by rule or order.  
5 Notwithstanding this section, a multi-unit dwelling or building  
6 that utilizes consolidated electric metering for multiple  
7 residential or commercial units may obtain an interest in an  
8 eligible facility that is equal to fifty kilowatts multiplied by  
9 the number of units participating in the community net energy  
10 metering program.

11       §269-C Standard contract or tariff; rate structure. (a)  
12 Every electric utility shall develop a standard contract or  
13 tariff providing for community net energy metering and shall  
14 make this contract or tariff available to eligible community net  
15 energy metering customer-generators, upon request, on a first-  
16 come-first-served basis until the time that the total rated  
17 generating capacity produced by eligible facilities in the  
18 utilities' service areas equals the total rated generating  
19 capacity of that electric utility's net energy metering program  
20 as reported pursuant to section 269-103. The public utilities  
21 commission may define, by rule or order, a higher maximum



1 capacity for eligible facilities serving eligible residential or  
2 small commercial community net energy metering customer-  
3 generators.

4 (b) Each community net energy metering contract or tariff  
5 shall be identical, with respect to rate structure, to the  
6 contract or tariff to which the same customer would be assigned  
7 if the customer was not an eligible customer-generator; provided  
8 that a community net energy metering contract or tariff shall  
9 utilize a time-of-use rate structure. The charges for all  
10 retail rate components for eligible customer-generators shall be  
11 based exclusively on the eligible customer-generator's net  
12 kilowatt-hour consumption over a monthly billing period;  
13 provided that a reasonable demand charge or minimum monthly  
14 charge may be applied. Demand charges or minimum monthly  
15 charges that substantially increase an eligible community net  
16 energy metering customer-generator's costs beyond those of other  
17 customers in the rate class to which the eligible customer-  
18 generator would otherwise be assigned are contrary to the intent  
19 of this section and shall not form a part of community net  
20 energy metering contracts or tariffs.



1 (c) The public utilities commission may amend the rate  
2 structure or standard contract or tariff by rule or order. Any  
3 amended community net energy metering rate structure or standard  
4 contract or tariff shall conform to subsections (a) and (b).

5 §269-D **Generating capacity.** Twice per year, beginning in  
6 2016, every electric utility shall make available to the public  
7 utilities commission information on the total rated generating  
8 capacity produced by eligible facilities in the utility's  
9 service area. The public utilities commission shall develop a  
10 process for making the information required by this section  
11 available to the public.

12 §269-E **Additional customer-generators.** Notwithstanding  
13 section 269-B, an electric utility is not obligated to provide  
14 community net energy metering to additional eligible community  
15 net energy metering customer-generators in its service area when  
16 the combined total rated generating capacity of all eligible  
17 facilities in that electric utility's service area exceeds the  
18 total rated generating capacity of that electric utility's net  
19 energy metering program as reported pursuant to section 269-103;  
20 provided that the public utilities commission may define, by  
21 rule or order, a higher maximum capacity for eligible facilities



1 in that electric utility's service areas, whereupon the electric  
2 utility will be obligated to provide net energy metering to  
3 additional eligible community net energy metering customers in  
4 that service area up to the higher maximum capacity.

5       **§269-F Calculation.** The community net energy metering  
6 calculation shall be made by measuring the difference between  
7 the electricity supplied by an electric utility to the eligible  
8 community net energy metering customer-generator and:

9       (1) The electricity generated by the eligible community  
10 net energy metering customer-generator's interest in  
11 an eligible facility and fed into the electric grid  
12 over a monthly billing period; and

13       (2) Any unused credits for excess electricity from the  
14 eligible community net energy metering customer-  
15 generator's interest in an eligible facility carried  
16 over from previous months since the last twelve-month  
17 reconciliation period.

18       **§269-G Billing periods; twelve-month reconciliation.** (a)  
19 Billing of community net energy metering customers shall be on a  
20 monthly basis; provided that the last monthly bill for each





1 twelve-month period shall reconcile for that twelve-month period  
2 the net electricity provided by the electric utility with:

3 (1) The electricity generated by the eligible community  
4 net energy metering customer-generator's interest in  
5 an eligible facility and fed into the electric grid  
6 over the monthly billing period; and

7 (2) Any unused credits for excess electricity from the  
8 eligible customer-generator carried over from prior  
9 months since the last twelve-month reconciliation  
10 period.

11 (b) Credits for excess electricity from the eligible  
12 community net energy metering customer-generator's interest in  
13 an eligible facility that remain unused after each twelve-month  
14 reconciliation period may not be carried over to the next  
15 twelve-month period.

16 (c) The twelve-month reconciliation period shall conclude  
17 in May of each year.

18 §269-H Net electricity consumers. At the end of each  
19 monthly billing period, where the electricity supplied during  
20 the period by the electric utility exceeds:



1           (1) The electricity generated by the eligible community  
2           net energy metering customer-generator's interest in  
3           an eligible facility during that same period; and

4           (2) Any unused credits for excess electricity from the  
5           eligible community net energy metering customer-  
6           generator carried over from prior months since the  
7           last twelve-month reconciliation period,

8 the eligible customer-generator is a net electricity consumer  
9 and the electric utility shall be owed compensation for the  
10 eligible customer-generator's net kilowatt-hour consumption over  
11 that same period. The compensation owed for the eligible  
12 community net energy metering customer-generator's net monthly  
13 kilowatt-hour consumption shall be calculated in accordance with  
14 section 269-C.

15           §269-I Net electricity producers; excess electricity  
16 credits and credit carry over. At the end of each monthly  
17 billing period, where the electricity generated by the eligible  
18 community net energy metering customer-generator's interest in  
19 an eligible facility during the month exceeds the electricity  
20 supplied by the electric utility to the customer-generator  
21 during that same period, the customer-generator is a net



1 electricity producer and the electric utility shall retain any  
2 excess kilowatt-hours generated by the customer-generator's  
3 interest in an eligible facility during the prior monthly  
4 billing period; provided that the excess electricity generated  
5 by the customer-generator's interest in an eligible facility, if  
6 any, in each monthly billing period shall be carried over to the  
7 next month as a monetary value to the credit of the customer-  
8 generator, which credit may accumulate and be used to offset the  
9 compensation owed the electric utility for the customer-  
10 generator's net kilowatt-hour consumption for succeeding months  
11 within each twelve-month period; provided further that the  
12 electric utility shall reconcile the eligible customer-  
13 generator's electricity production and consumption for each  
14 twelve-month period as set forth in section 269-G. The  
15 customer-generator shall not be owed any compensation for excess  
16 kilowatt-hours unless the electric utility enters into a  
17 purchase agreement with the customer-generator for those excess  
18 kilowatt-hours.

19       §269-J Net electricity consumption or production  
20 information. The electric utility shall provide every eligible  
21 community net energy metering customer-generator with net



1 electricity consumption or production information with each  
2 regular monthly bill, which shall include:

- 3 (1) The current monetary balance owed the electric utility  
4 for net electricity consumed;
- 5 (2) The net electricity produced since the end of the last  
6 monthly billing period; and
- 7 (3) An accounting of the credits for excess electricity  
8 produced by the eligible community net energy metering  
9 customer-generator since the last twelve-month  
10 reconciliation period that shows credits applied to  
11 the monthly billing period and the balance of unused  
12 credits, if any.

13 §269-K Termination by eligible community net energy  
14 metering customer-generators. If an eligible community net  
15 energy metering customer-generator terminates the customer  
16 relationship with the electric utility, the electric utility  
17 shall reconcile the customer-generator's consumption and  
18 production of electricity, including any unused credits for  
19 excess electricity from the customer-generator's interest in an  
20 eligible facility carried over from prior months, for the period  
21 following the last twelve-month reconciliation period to the



1 date of termination of the relationship, according to the  
2 requirements set forth in this part.

3 §269-L Safety and performance standards. (a) An eligible  
4 facility shall meet all applicable safety and performance  
5 standards established by the National Electrical Code, the  
6 Institute of Electrical and Electronics Engineers, and  
7 accredited testing laboratories such as the Underwriters  
8 Laboratories and, where applicable, rules of the public  
9 utilities commission regarding safety and reliability.

10 (b) For systems of ten kilowatts or less, an eligible  
11 facility that meets the standards and rules under subsection (a)  
12 shall not be required to install additional controls, perform or  
13 pay for additional tests, or purchase additional liability  
14 insurance.

15 (c) For eligible facilities of greater than ten kilowatts,  
16 the public utilities commission, whether through decision and  
17 order, by tariff adoption, or by rule, may:

18 (1) Set forth safety, performance, and reliability  
19 standards and requirements; and

20 (2) Establish the qualifications for exemption from a  
21 requirement to install additional controls, perform or



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1            pay for additional tests, or purchase additional  
 2            liability insurance."

3            SECTION 3. In codifying the new sections added by section  
 4            2 of this Act, the revisor of statutes shall substitute  
 5            appropriate section numbers for the letters used in designating  
 6            the new sections in this Act.

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

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INTRODUCED BY:

Mike Hubbard  
Imaine R. Moroye

Michelle

Randy de Bala

Erzanne Chun Calland

Clarence K. Richardson

Ed Powers

Ann Overholt



# S.B. NO. 3086

**Report Title:**

Community-based Renewable Energy; Net Energy Metering

**Description:**

Establishes community based net energy metering in the State.

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

