

Honolulu, Hawaii  
February 19, 2016

RE: H.B. No. 1823  
H.D. 1

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 1823 entitled:

"A BILL FOR AN ACT RELATING TO NET ENERGY METERING,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Amend the definition of "eligible customer-generator" to include leases or purchases of electricity from a solar, wind turbine, biomass, or hydroelectric energy generating facility, or a hybrid system consisting of two or more of these facilities, and clarifying that the systems are operated in parallel and interconnected with the utility's transmission and distribution facilities;
- (2) Amend the "net energy metering" definition by repealing the monthly billing time frame and adding the proviso requiring that the electric utility not unreasonably deny, burden, or delay net energy metering service after a request for service from a retail customer;
- (3) Increase the customer-generator's AC generating capacity limit for net energy metering from fifty kilowatts to one megawatt and remove the Public Utilities Commission's authorization to increase the maximum allowable capacity by rule or order;



- (4) Repeal the requirement that every electric utility make contracts and tariffs for net energy metering available only until the capacity produced by customers equals .5 per cent of the system peak demand;
- (5) Limit the Public Utilities Commission's authorization to specify the total rated capacity to the aggregate amount of such generating capacity that could be interconnected with the utility's electric system without substantial expenditure by the utility for new mitigation facilities to maintain reliability of electric service;
- (6) Authorize rather than require the Public Utilities Commission to ensure that a percentage of the total rated capacity produced by customers is reserved for electricity produced by residential or small commercial customers;
- (7) Establish standards for systems installed on or before June 30, 2016;
- (8) For generating facilities or hybrid systems installed after June 30, 2016, establish the standards for valuing electricity supplied by the electric utility to the customer and electricity generated by the customer and fed back to the electric grid;
- (9) Exclude an interconnection requirements study charge or a supplemental review charge from net energy metering contracts or tariffs; and
- (10) Amend the standard for determining when an electric utility is not obligated to provide net energy metering to additional customer-generators, from a peak demand standard to a standard based on the total rated generating capacity of customer-generators that may be interconnected with the electric utility system.

The Department of Education, Renewable Energy Action Coalition of Hawaii, Maui Solar Project, Green Power Projects LLC, Hawaiian Energy Systems, Inc., Inter-Island Solar Supply, Hawaii Solar Energy Association, Inc., Alternative Electric LLP, Solar Inspectors Hawaii, Solar Services Hawaii, Arion Energy, and numerous individuals testified in support of this measure. The Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs, the Hawaiian Electric Companies, Plug and Play



Energy Systems LLC, and an individual testified in opposition. The Public Utilities Commission and two individuals provided comments.

Your Committee has amended this measure by:

- (1) Changing its effective date to July 1, 2045, to facilitate further discussion; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1823, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1823, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on  
behalf of the members of the  
Committee on Energy &  
Environmental Protection,

  
CHRIS LEE, Chair



State of Hawaii  
House of Representatives  
The Twenty-eighth Legislature

HSCR 518-16

**Record of Votes of the Committee on Energy & Environmental Protection**

Bill/Resolution No.: <b>HB 1023</b>	Committee Referral: <b>EEP, CPC</b>	Date: <b>2-9-16</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. LEE, Chris (C)	/			
2. LOWEN, Nicole E. (VC)	/			
3. CULLEN, Ty J.K.	/			
4. EVANS, Cindy	/			
5. ING, Kaniela	/			
6. NISHIMOTO, Scott Y.	/			
7. SAY, Calvin K.Y.	/			
8. YAMANE, Ryan I.	/			
9. POUHA, Feki	/			
10. THIELEN, Cynthia	/			
<b>TOTAL (10)</b>	10	0	0	0
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <div style="text-align: center; font-size: 10pt;">committee acronym(s)</div>				
Vice Chair's or designee's signature: <u><i>Nicole E. Lowen</i></u>				
Distribution:    Original (White) – Committee    Duplicate (Yellow) – Chief Clerk's Office    Duplicate (Pink) – HMSO				