
A BILL FOR AN ACT

RELATING TO MICROGRIDS.

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

1 SECTION 1. The legislature finds that the development of
2 renewable microgrids can aid Hawaii's transition to a clean
3 energy economy. In this context, a microgrid is a small energy
4 network, interconnected with an electric utility grid, or
5 utilizing an electric utility grid, which is powered by
6 renewable energy, and which may be islanded from the electric
7 utility grid if needed.

8 The legislature further finds that microgrids have the
9 potential to be a testing ground for greater integration of
10 renewable energy, distributed generation, storage, and demand
11 response technology. Microgrid demonstration projects will
12 enable the State to learn how to reduce costs, increase grid
13 reliability and resiliency, reduce pollution and greenhouse gas
14 emissions, reduce the cost of infrastructure, and increase the
15 efficiency of transmission and distribution.

16 The purpose of this Act is to enable microgrid
17 demonstration projects that can assist in understanding,



1 developing, and refining microgrid technologies and policies in
2 the State.

3 SECTION 2. Chapter 227D, Hawaii Revised Statutes, is
4 amended by adding a new section to be appropriately designated
5 and to read as follows:

6 "§227D-A Microgrid demonstration project; advisory
7 committee. (a) The authority shall establish a microgrid
8 advisory committee for the purpose of providing guidelines and
9 advice on matters relating to the microgrid demonstration
10 project established pursuant to section 269-B, including issues
11 regarding pricing and liability.

12 (b) The microgrid advisory committee shall consist of
13 seven members as follows:

14 (1) Two members representing the board, to be appointed by
15 the chairperson of the board;

16 (2) One member representing the division of consumer
17 advocacy of the department of commerce and consumer
18 affairs, to be appointed by the director of commerce
19 and consumer affairs;

20 (3) One member representing the state energy office of the
21 department of business, economic development, and



1 tourism, to be appointed by the director of business,
2 economic development, and tourism;

3 (4) One member from a non-governmental organization who is
4 an active participant in energy issues, to be
5 appointed by the director of business, economic
6 development, and tourism;

7 (5) One member representing the county of Hawaii, to be
8 appointed by the mayor of the county of Hawaii; and

9 (6) One member representing Hawaii Electric Light Company.

10 (c) The members of the advisory committee shall serve
11 without compensation, and shall be exempt from chapter 92."

12 SECTION 3. Chapter 269, Hawaii Revised Statutes, is
13 amended by adding a new section to part I to be appropriately
14 designated and to read as follows:

15 "§269-B Enabling microgrid demonstration projects. (a)
16 Notwithstanding any other provisions in this chapter, microgrid
17 demonstration projects shall be exempt from the requirements of
18 this chapter, except as may be needed to facilitate safe
19 interconnection of the microgrid demonstration project to an
20 electric public utility grid. Any person who owns, controls,
21 operates, manages, or otherwise participates in a microgrid



1 demonstration project shall not be considered a public utility
2 for the purpose of participating in the microgrid demonstration
3 project.

4 (b) The public utilities commission may take any steps the
5 commission deems necessary to enable and compel electric public
6 utilities to allow the development of microgrid demonstration
7 projects by non-utilities. These steps may include issuing
8 related orders, amending or adopting related rules, working with
9 permitting agencies or other authorities to grant exemptions, or
10 other steps necessary to enable microgrid demonstration
11 projects.

12 (c) A microgrid demonstration project shall be exempt from
13 any wheeling restrictions when the wheeling is conducted within
14 the designated boundaries of the project.

15 (d) The property controlled by the natural energy
16 laboratory of Hawaii authority, established pursuant to chapter
17 227D, is designated as a microgrid demonstration project. After
18 January 1, , the public utilities commission may designate
19 other microgrid demonstration projects without legislative
20 approval.



1 (e) Any power that is sold by a microgrid demonstration
2 project shall be at a price equal to or less than the utility
3 rates established by the public utilities commission.

4 (f) No later than twenty days prior to the convening of
5 each regular session, each microgrid demonstration project
6 established or authorized pursuant to this section shall submit
7 an annual report to the legislature of its findings and
8 recommendations on the demonstration project.

9 (g) For the purposes of this section, "microgrid
10 demonstration project" means a renewable energy generation,
11 storage, or distribution network that:

12 (1) Is designated by the legislature and is associated
13 with a governmental or a quasi-governmental entity;

14 (2) Is authorized by the public utilities commission;

15 (3) May or may not cross property boundaries, easements,
16 public thoroughfares, transportation rights-of-way,
17 and utility rights-of-way;

18 (4) May or may not provide, sell, or transmit renewable
19 energy to a person other than the person who owns,
20 controls, operates, or manages the microgrid
21 demonstration project;



- 1 (5) May or may not use portions of an electric public
- 2 utility's transmission or distribution lines to
- 3 provide, sell, or transmit electricity to participants
- 4 in the microgrid demonstration project;
- 5 (6) Uses electricity generation, located on the microgrid
- 6 demonstration project, with a total generating
- 7 capacity of five megawatts or less;
- 8 (7) Uses only renewable energy, as defined in section 269-
- 9 91, to generate electricity, except in cases of
- 10 emergency; and
- 11 (8) Can be islanded from the electric public utility grid
- 12 from time to time."

13 SECTION 4. New statutory material is underscored.

14 SECTION 5. This Act shall take effect on January 28, 2081.



Report Title:

Renewable Energy; Microgrid Demonstration Projects

Description:

Authorizes the establishment of microgrid demonstration projects for the generation, storage, and distribution of renewable energy. Establishes a Microgrid Advisory Committee to provide guidelines and advice on the microgrid demonstration project of the Natural Energy Laboratory of Hawaii Authority. (HB1248 HD1)

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