

STAND. COM. REP. NO.

1552

Honolulu, Hawaii

APR 07 2017

RE: H.B. No. 848
H.D. 2
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committees on Commerce, Consumer Protection, and Health and Ways and Means, to which was referred H.B. No. 848, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY MODERNIZATION AT THE UNIVERSITY OF HAWAII SYSTEM,"

beg leave to report as follows:

The purpose and intent of this measure is to encourage and facilitate the development and use of microgrids by requiring the University of Hawaii to develop a plan for one microgrid demonstration project on university property.

Your Committees received testimony in support of this measure from the University of Hawai'i System, University of Hawai'i at Hilo, University of Hawai'i West Oahu, and one individual. Your Committees received testimony in opposition to this measure from the Chamber of Commerce Hawaii and Land Use Research Foundation of Hawaii. Your Committees received comments on this measure from the Public Utilities Commission and Hawaiian Electric Company, Inc.

Your Committees support the advancement of renewable energy and energy efficiency in Hawaii, and recognize that microgrids are an increasingly utilized technology that can help expand the use of clean energy in the State. Microgrids can facilitate the



achievement of Hawaii's clean energy policies by enabling the integration of higher levels of renewable energy and advanced distributed energy resources, including energy storage and demand response.

Your Committees also support the University of Hawaii's objectives of reducing costs and meeting renewable energy goals, including the State's goal of one hundred percent clean energy by 2045. Your Committees find that the University expends substantial amounts each year on electricity costs, and that renewable energy projects have cost savings potential. Your Committees appreciate the need for microgrids and the advancement of energy efficiency efforts at the University of Hawaii, and hope to begin those efforts with a microgrid plan that takes into consideration the complex nature of developing a microgrid in Hawaii.

Your Committees intend for the microgrid plan to help lower energy costs at the University of Hawaii, including monthly savings on the University's facilities energy bill. The University of Hawaii may consider monetizing University of Hawaii West Oahu lands by offering the land as a site for renewable energy development. Your Committees also intend for the microgrid plan to be fair and beneficial to all affected electric customers. The plan should require the University of Hawaii to pay a fair share to access the microgrid and allow the University to receive benefits that it provides to the grid through demand response or other tariffs payment for grid service. At a minimum, the microgrid plan shall complement and provide a positive benefit to the larger energy system to be fair to all customers.

Your Committees further intend for the microgrid plan to ensure that electric service for the University and other customers remains safe and reliable. Finally, your Committees intend for the microgrid plan to measure and ensure progress toward achieving the University's net-zero energy goal. Your Committees expect that the proposals in the microgrid plan will be aligned with the on-going efforts of the Public Utilities Commission. Your Committees note that this measure does not authorize wheeling due to an open Public Utilities Commission docket and the complex safety and technology requirements involved with Oahu having only one grid that was not originally designed for wheeling.



Your Committees have amended this measure by:

- (1) Requiring that the location of the microgrid project selected by the University of Hawaii be on the Island of Oahu;
- (2) Inserting a provision that requires the University of Hawaii to develop the plan in collaboration with the electric utility that typically provides service to the location selected for the microgrid project;
- (3) Inserting language that provides the following four objectives for the microgrid plan:
 - (A) Lower energy costs to the University of Hawaii;
 - (B) Ensuring the plan is fair and provides benefits to other electric customers;
 - (C) Maintain safety and reliability of the electric service for the University of Hawaii and other electric customers; and
 - (D) Demonstrate progress toward achieving the University of Hawaii's net-zero renewable energy goal;
- (4) Inserting a provision that requires the University of Hawaii, electric utility, and Public Utilities Commission to submit quarterly status reports to the Legislature to ensure that progress is being made on the microgrid plan;
- (5) Requiring the University of Hawaii to report to the Legislature prior to the Regular Session of 2019 instead of the Regular Session of 2018;
- (6) Inserting the United States Department of Energy's definition of the term "microgrid";
- (7) Updating the purpose section; and



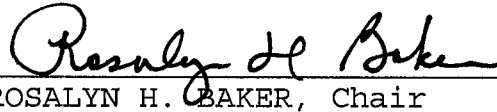
- (8) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Health and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 848, H.D. 2, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 848, H.D. 2, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committees on Commerce,
Consumer Protection, and Health
and Ways and Means,



JILL N. TOKUDA, Chair

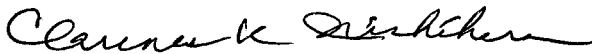


ROSALYN H. BAKER, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

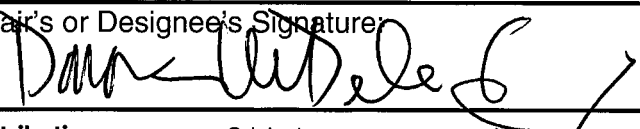
Record of Votes
Committee on Commerce, Consumer Protection, and Health
CPH

Bill / Resolution No.:*	Committee Referral:	Date:
HB 848, HD 2, SD1	HRE/TRE CPH/WAM	4/4/17
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____		
The Recommendation is:		
<input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313		
Members	Aye	Aye (WR)
Nay	Excused	
BAKER, Rosalyn H. (C)	/	
NISHIHARA, Clarence K. (VC)	/	
CHANG, Stanley	/	
ESPERO, Will	/	
IHARA, Jr., Les	/	
KIDANI, Michelle N.		/
RUDERMAN, Russell E.	/	
TOTAL	6	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted		
Chair's or Designee's Signature: 		
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy		

*Only one measure per Record of Votes

The Senate
Twenty-Ninth Legislature
State of Hawai'i

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Committee on Ways and Means
WAM

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<input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood	/			
HARIMOTO, Breene	/			
INOUYE, Lorraine R.	/			
KAHELE, Kaiali'i	/			
RIVIERE, Gil	/			
SHIMABUKURO, Maile S.L.	/			
TANIGUCHI, Brian T.	/			
WAKAI, Glenn				/
TOTAL	10			1
Recommendation:				
<input checked="" type="checkbox"/> Adopted				
<input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature:				
				
Distribution:				
Original	Yellow	Pink	Goldenrod	
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