

STAND. COM. REP. NO.

1054

Honolulu, Hawaii

MARCH 3, 2017

RE: H.B. No. 1248  
H.D. 2

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Ninth State Legislature  
Regular Session of 2017  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred H.B. No. 1248, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO MICROGRIDS,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Authorize the establishment of microgrid demonstration projects for the generation, storage, and distribution of renewable energy; and
- (2) Establish a microgrid advisory committee to provide guidelines and advice related to microgrid demonstration projects.

Ulupono Initiative and Energy Research Systems testified in support of this measure. The Natural Energy Laboratory of Hawaii Authority (NELHA) testified in support of the intent of this measure. Hawaiian Electric Company and its subsidiary utilities Maui Electric Company and Hawaii Electric Light Company testified in opposition to this measure. The Public Utilities Commission and Hawaii Energy Policy Forum provided comments.



Your Committee finds that the creation of an advisory committee is unnecessary because NELHA, pursuant to section 227D-4, Hawaii Revised Statutes, currently has an advisory committee that accomplishes the purposes of the proposed advisory committee.

Your Committee further finds that, as stated in testimony received by your Committee, there are major concerns that this legislation does not define "demonstration", is not limited to NELHA, and is not limited in time. Further, this measure proposes to exempt microgrid projects from the requirements of utilities, which in conjunction with the broad definition, would allow a microgrid to build across multiple properties and rights of ways without being subject to the requirements of an electric grid. Thus, your Committee is limiting this legislation only to property owned by NELHA.

Your Committee also finds that by limiting the size of the demonstration project to NELHA property to address the various concerns mentioned at the public hearing, a report should be filed with the Legislature before the next regular session to address four key issues:

- (1) The fairness of the NELHA microgrid demonstration project to all customers given the increased options for obtaining electrical power;
- (2) Any safety issues when operating the integrated energy district;
- (3) Reliability of the overall electrical system in relation to the NELHA microgrid demonstration project; and
- (4) Any cost shifting issues realized as a result of electrical energy being provided by the NELHA microgrid demonstration project.

Your Committee has amended this measure by:

- (1) Designating only property controlled by NELHA as a microgrid demonstration project;
- (2) Deleting the microgrid advisory committee;



- (3) Specifying that the report on the NELHA microgrid demonstration project be submitted no later than twenty days prior to the Regular Session of 2018, rather than annually, and that the report contain, at a minimum, certain specified information; and
- (4) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1248, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1248, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Consumer  
Protection & Commerce,



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ANGUS L.K. MCKELVEY, Chair



