

Honolulu, Hawaii

APR - 5 2019

RE: H.B. No. 1583
H.D. 2
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committees on Commerce, Consumer Protection, and Health, Transportation, and Ways and Means, to which was referred H.B. No. 1583, H.D. 2, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ELECTRIC GRID RESILIENCY,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Authorize the Department of Education to evaluate the feasibility and cost-benefit of establishing and implementing a pilot microgrid to provide backup power in the event of a natural disaster or other similar emergency;
- (2) Authorize the Department of Transportation to evaluate the feasibility and cost-benefit of a renewable energy microgrid system to provide backup power in the event of a natural disaster or other similar emergency at one facility;
- (3) Authorize the Natural Energy Laboratory of Hawaii Authority to establish a microgrid demonstration project; and



- (4) Require the Public Utilities Commission to incorporate findings from public facility microgrid evaluations and pilots into its microgrid service docket and consider ways to incentivize the installation in public facilities of renewable energy systems that can provide backup power in the event the broader electric grid cannot provide power.

Your Committees received testimony in support of this measure from the Department of Transportation, Department of Education, Natural Energy Laboratory of Hawaii Authority, O'ahu County Democrats, O'ahu County Democrats Legislative Priorities Committee, and one individual. Your Committees received comments on this measure from the Department of Commerce and Consumer Affairs and Public Utilities Commission.

Your Committees find that Hawaii's energy security is vulnerable to disruptions in the State's energy systems caused by natural disasters and there is an urgent need to evaluate the State's existing electric grids and their ability to withstand a natural disaster or similar emergency. Your Committees further find that in many areas of the State, public school structures have served as designated shelters during hurricane warnings and other disaster events and have a net-zero energy use goal by the year 2035. Therefore, many schools have begun to install renewable energy systems in order to meet this goal. According to testimony received by your Committees, operating several critical infrastructure facilities with the potential to host renewable energy systems configured as a microgrid could provide backup power and integrate with and supplement existing standby generators, which would greatly increase disaster preparedness. This measure therefore directs a number of state departments to evaluate the feasibility and cost-benefit of a renewable energy microgrid system to provide backup power in the event of an emergency, and establishes a number of other factors to be considered by the Public Utilities Commission to increase power resiliency in its ongoing and future proceedings.

Your Committees note that the Public Utilities Commission is currently working with the State's electric utilities and other key stakeholders in several related proceedings to address backup power options, including the development of a microgrid services tariff and the establishment of performance-based regulatory



mechanisms for resilience. According to testimony from the Department of Commerce and Consumer Affairs, it may be more appropriate to give the Public Utilities Commission more flexibility in how it considers the information from the microgrid pilots and programs established by this measure, instead of being required to consider the findings and data in the microgrid tariff proceeding. Therefore, amendments to this measure are necessary to address this concern.


Your Committees have amended this measure by:

- (1) Clarifying that the agencies conducting the microgrid evaluations and pilots shall report findings and data to the Public Utilities Commission and clarifying the contents of the findings and data;
- (2) Requiring the Public Utilities Commission, upon receipt of the findings and data, to consider this information in current or future proceedings to evaluate ways to incentivize the installation of renewable energy systems in public facilities that can provide backup power in the event the broader electric grid cannot provide power; and
- (3) Updating the purpose section.

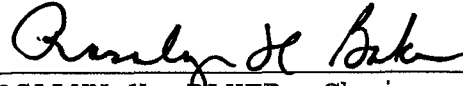
As affirmed by the records of votes of the members of your Committees on Commerce, Consumer Protection, and Health, Transportation, and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1583, H.D. 2, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as H.B. No. 1583, H.D. 2, S.D. 2.



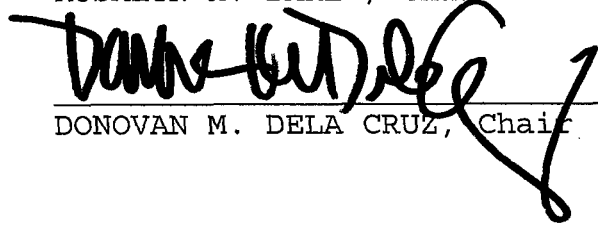
Respectfully submitted on
behalf of the members of the
Committees on Commerce,
Consumer Protection, and
Health, Transportation, and
Ways and Means,



LORRAINE R. INOUYE, Chair



ROSALYN H. BAKER, Chair



DONOVAN M. DELA CRUZ, Chair



