

JAN 19 2022

A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

1 SECTION 1. The legislature finds that accelerating the
2 development of renewable energy to reduce greenhouse gases is a
3 high priority. The legislature has enacted numerous acts to
4 achieve this objective, including:

5 (1) Act 97, Session Laws of Hawaii 2015, which established
6 a renewable energy portfolio standards target of one
7 hundred per cent renewable electric energy by 2045;

8 (2) Act 15, Session Laws of Hawaii 2018, which established
9 a statewide zero emissions clean economy target to
10 sequester throughout the State more atmospheric carbon
11 and greenhouse gases than emitted, as quickly as
12 practicable but no later than 2045; and

13 (3) Act 23, Session Laws of Hawaii 2020, which prohibited
14 the further use of coal in Hawaii for electricity
15 production.

16 The legislature believes that the development and completion of
17 renewable energy is also a high priority.



1 The legislature recognizes that in November 2020, the
2 public utilities commission issued a letter to the parties in
3 docket numbers 2015-0389, 2017-0352, and 2018-0165, stating that
4 it "is markedly concerned that Hawaiian Electric [Company]'s
5 interconnection processes and policies are increasing
6 development costs and extending renewable project timelines."

7 In addition, in docket number 2018-0088 (Performance Based
8 Regulation), the public utilities commission issued order number
9 37507 on December 23, 2020, indicating that the commission was
10 concerned about interconnection delays and will implement a
11 performance incentive mechanism to encourage Hawaiian Electric
12 Company to accelerate the interconnection process. Order number
13 37507 also stated that "the scheduled retirement of the AES
14 Power Plant in 2022, as well as [Hawaiian Electric Company,
15 Inc.; Hawaii Electric Light Company, Inc.; and Maui Electric
16 Company, Limited's] proposal to delay interconnecting several
17 renewable energy and storage projects recently approved by the
18 [public utilities c]ommission, underscores the need for
19 expeditiously securing alternative sources of grid services to
20 ensure that system needs are met."



1 The legislature notes that during procurement phase 1, all
2 eight projects had delayed commercial operations dates relative
3 to the commercial operations dates provided in each project's
4 power purchase agreement. During procurement phase 2, eight of
5 the eleven projects had delayed commercial operations dates
6 relative to the commercial operations dates provided in each
7 project's power purchase agreement. The public utilities
8 commission has opened a docket, docket number 2021-0024, to
9 review Hawaiian Electric Company's interconnection process and
10 transition plans for retirement of fossil fuel plants. The
11 legislature also believes that these delays, coupled with the
12 retiring of the AES Coal Plant, may cause grid reliability
13 issues.

14 The legislature further finds that there have been
15 significant delays for Hawaiian Electric Company to complete its
16 interconnection process, making it difficult to plan for the
17 design and construction of utility-scale renewable energy
18 projects that require interconnection with Hawaiian Electric
19 Company's electric grid.

20 The legislature finds that facilitating the timing of
21 interconnection will:



- 1 (1) Help to bring utility-scale renewable energy projects
2 online sooner;
- 3 (2) Decrease electricity rates for consumers by providing
4 project developers with added certainty regarding
5 project timelines to lower bid pricing;
- 6 (3) Help to achieve the State's renewable portfolio
7 standard goals in a timely manner; and
- 8 (4) Help to reduce greenhouse gas emissions and mitigate
9 the effects of climate change sooner.

10 Accordingly, the purpose of this Act is to require the
11 public utilities commission to develop and adopt reliability
12 standards and interconnection requirements to facilitate the
13 timely interconnection of utility-scale renewable energy
14 projects.

15 SECTION 2. Section 269-142, Hawaii Revised Statutes, is
16 amended by amending subsections (a) and (b) to read as follows:

17 "(a) The commission [~~may~~] shall adopt, by rule or order,
18 reliability standards and interconnection requirements.

19 Reliability standards and interconnection requirements adopted
20 by the commission shall apply to any electric utility and any
21 user, owner, or operator of the Hawaii electric system. The



1 commission shall not contract for the performance of the
2 functions under this subsection to any other entity as provided
3 under section 269-147.

4 (b) The commission [~~may~~] shall develop reliability
5 standards and interconnection requirements as it determines
6 necessary or upon recommendation from any entity, including an
7 entity contracted by the commission to serve as the Hawaii
8 electricity reliability administrator provided for under this
9 part, for the continuing reliable design and operation of the
10 Hawaii electric system. Any reliability standard or
11 interconnection requirement developed by the commission shall be
12 adopted by the commission in accordance with subsection (a) in
13 order to be effective. The commission shall not contract for
14 the performance of the functions under this subsection to any
15 other entity as provided under section 269-147."

16 SECTION 3. Section 269-145, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "[~~§~~269-145[~~§~~] **Grid access; procedures for**
19 **interconnection; dispute resolution.** (a) Each user, owner, or
20 operator of the Hawaii electric system, or any other person,
21 business, or entity seeking to make an interconnection on the



1 Hawaii electric system shall do so in accordance with procedures
2 to be established by the commission by rule or order.

3 (b) The commission shall include in any interconnection
4 procedures established pursuant to this section requirements
5 that the electric public utilities:

6 (1) Complete the interconnection design;

7 (2) Reach agreement with the renewable energy project
8 developer; and

9 (3) File a request for interconnection or line extension
10 approval, if required;

11 provided that the electric public utilities shall meet these
12 requirements as soon as practicable, but no later than two
13 hundred seventy days after the renewable energy project power
14 purchase agreement is filed with the commission for review and
15 approval; provided further that the electric public utility
16 shall submit interim reports to the commission on the status of
17 the electric public utility's efforts to comply with the
18 requirements of this subsection both ninety days and one hundred
19 eighty days after the renewable energy project power purchase
20 agreement is filed with the commission for review and approval;
21 and provided further that if the electric public utility is



1 unable to comply with the requirements of this clause, the
2 electric public utility shall report in writing the reasons
3 therefore to the commission within ten calendar days after the
4 expiration of the two hundred seventy-day period.

5 If the electric public utility fails to meet the
6 requirements established by the commission pursuant to this
7 subsection within the two hundred seventy-day period, the
8 electric public utility shall forfeit and return all monies or
9 other financial incentives that the electric public utility has
10 received as part of any performance incentive mechanism program
11 or similar incentive-based award recognized by the commission in
12 connection with the renewable energy project; provided that the
13 commission shall submit a report to the governor and legislature
14 regarding any failure to meet the timing under this subsection
15 by any electric public utility within thirty days of the
16 commission receiving notice of this failure; provided further
17 that upon the filing of a request for interconnection or line
18 extension approval by an electric public utility under this
19 subsection, the commission shall either approve or disapprove
20 the request within one hundred twenty days of the filing of the
21 request.



1 This subsection shall only apply to utility-scale renewable
2 energy projects that are five megawatts in total output capacity
3 or larger.

4 [~~(b)~~] (c) The commission shall have the authority to make
5 final determinations regarding any dispute between any user,
6 owner, or operator of the Hawaii electric system, or any other
7 person, business, or entity connecting to the Hawaii electric
8 system, concerning either an existing interconnection on the
9 Hawaii electric system or an interconnection to the Hawaii
10 electric system created under the processes established by the
11 commission under this section."

12 SECTION 4. Section 269-146, Hawaii Revised Statutes, is
13 amended by amending subsection (d) to read as follows:

14 "(d) The commission [~~may~~] shall allow an electric utility
15 to recover appropriate and reasonable costs [~~under the Hawaii~~
16 ~~electricity reliability surcharge~~], as determined by the
17 commission, for any interconnection to the Hawaii electric
18 system, including interconnection studies and other analysis
19 associated with studying the impact or necessary infrastructure
20 and operational requirements needed to reliably interconnect a
21 generator[~~, as well as from electric utility customers through a~~



1 ~~surcharge or assessment subject to review and approval by the~~
2 ~~commission under section 269-16]."~~

3 SECTION 5. Section 269-147, Hawaii Revised Statutes, is
4 amended by amending subsection (a) to read as follows:

5 "(a) The commission [~~may~~] shall contract for the
6 performance of its functions under this part with a person,
7 business, or organization, except for a public utility as
8 defined under this chapter, that will serve as the Hawaii
9 electricity reliability administrator provided for under this
10 part; provided that the commission shall not contract for the
11 performance of its functions under sections 269-142(a) and (b)
12 and 269-146."

13 SECTION 6. Section 269-149, Hawaii Revised Statutes, is
14 amended to read as follows:

15 "[+]§269-149[+] **Funding; reporting.** (a) The Hawaii
16 electricity reliability administrator shall use funds collected
17 through the Hawaii electricity reliability surcharge provided
18 for under section 269-146 to carry out its operations, including
19 administrative, technological, or other related requirements for
20 effectively ensuring the reliability of the Hawaii electric
21 system.



1 (b) The Hawaii electricity reliability administrator shall
2 report to the commission each year on the date of agreement
3 under section 269-147 following the original contracting between
4 the Hawaii electricity reliability administrator and the
5 commission on the status of its operations, financial position,
6 and a projected operational budget for the fiscal year following
7 the date of the report.

8 (c) The Hawaii electricity reliability administrator shall
9 be subject to regulation by the commission under any provision
10 applicable to a public utility in sections 269-7, 269-8,
11 269-8.2, 269-8.5, 269-9, 269-10, 269-13, 269-15, 269-19.5, and
12 269-28. Notwithstanding any other provision of law to the
13 contrary, the Hawaii electricity reliability administrator shall
14 not be an electric public utility or an electric public utility
15 affiliate.

16 (d) Within thirty days of receipt of the Hawaii electric
17 reliability administrator's report submitted to the commission
18 pursuant to this section, the commission shall submit to the
19 legislature the report and the commission's assessment of the
20 status and progress of the Hawaii electric reliability



1 administrator in achieving and accomplishing the objectives of
2 this part."

3 SECTION 7. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 8. This Act shall take effect upon its approval.

6

INTRODUCED BY: *Dan Claitor*



S.B. NO. 2145

Report Title:

PUC; Renewable Energy; Transmission Lines; Timely
Interconnection

Description:

Requires the Public Utilities Commission to develop and adopt reliability standards and interconnection requirements to facilitate the timely interconnection of utility-scale renewable energy projects.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

