

---

---

# A BILL FOR AN ACT

RELATING TO THE PUBLIC UTILITIES COMMISSION.

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

1           SECTION 1. The legislature finds that it is important for  
2 the State to strike a careful balance between transitioning to  
3 renewable energy and maintaining the reliability of the Hawaii  
4 electric system. Meeting the State's renewable energy goals and  
5 reducing its greenhouse gas emissions requires public utilities  
6 to learn new technologies and develop new operational practices.  
7 Actions that help to improve the long-term resilience and  
8 environmental sustainability of the State's electric system may  
9 temporarily cause power outages and decreased system  
10 performance. It is necessary for the State to continually  
11 monitor the electric system's reliability and to quickly resolve  
12 any issues or disruptions.

13           The legislature believes that electric system resilience  
14 should also be a metric that the State monitors and considers.  
15 Maintaining a resilient electric system is especially important  
16 in Hawaii, given the State's geographical isolation. The 2023  
17 wildfires on the island of Maui illustrated how vulnerable the



1 State is to natural and human-caused disasters. It is critical  
2 that the State continue to prioritize actions that ensure the  
3 electric system can rapidly recover.

4 The legislature recognizes that the public utilities  
5 commission has created modified interconnection requirements and  
6 developed various reliability metrics to monitor and maintain  
7 the Hawaii electric system. However, this role of the public  
8 utilities commission is currently discretionary. The commission  
9 is not required to adopt, and has not yet adopted, a  
10 comprehensive set of interconnection and reliability standards.  
11 The commission also has the discretion, but is not required, to  
12 charge a Hawaii electric reliability surcharge and to contract  
13 with a Hawaii electric reliability administrator.

14 The legislature believes that a more formal approach is  
15 needed to help maintain the reliability and resilience of the  
16 Hawaii electric system.

17 Accordingly, the purpose of this Act is to:

18 (1) Require the public utilities commission to establish  
19 reliability standards and interconnection requirements  
20 for the Hawaii electric system;



- 1           (2) Establish system resilience as a metric that is
- 2                   monitored and considered by the commission;
- 3           (3) Require the commission to collect the Hawaii
- 4                   electricity reliability surcharge and provide that the
- 5                   surcharge may be transferred to the commission for the
- 6                   purpose of its duties; and
- 7           (4) Require the commission to contract for the performance
- 8                   of certain of its functions with a Hawaii electricity
- 9                   reliability administrator.

10           SECTION 2. Section 269-141, Hawaii Revised Statutes, is  
11 amended by adding a new definition to be appropriately inserted  
12 and to read as follows:

13           "Resilience" means the ability of the Hawaii electric  
14 system and its components to adapt to changing conditions and to  
15 withstand and rapidly recover from severe disruptions."

16           SECTION 3. Section 269-142, Hawaii Revised Statutes, is  
17 amended by amending subsections (a) and (b) to read as follows:

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

20 Reliability standards and interconnection requirements adopted  
21 by the commission shall apply to any electric utility and any



1 user, owner, or operator of the Hawaii electric system. The  
2 commission shall not contract for the performance of the  
3 functions under this subsection to any other entity as provided  
4 under section 269-147.

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

18 SECTION 4. Section 269-143, Hawaii Revised Statutes, is  
19 amended by amending subsection (a) to read as follows:

20 "(a) The commission shall have the authority to monitor  
21 the reliability, resilience, and operation of the Hawaii



1 electric system using any data, files, maps, reports, or any  
2 other information concerning any electric utility, any user,  
3 owner, or operator of the Hawaii electric system, or any person,  
4 business, or entity connecting to the Hawaii electric system,  
5 considered by the commission to be necessary for ensuring the  
6 reliable operation of the Hawaii electric system. The authority  
7 of the commission to monitor information in this section shall  
8 include the authority to request, acquire, or otherwise  
9 accumulate real-time data on any matter the commission deems  
10 necessary to monitor the reliable design and operation of the  
11 Hawaii electric system."

12 SECTION 5. Section 269-145.5, Hawaii Revised Statutes, is  
13 amended to read as follows:

14 "§269-145.5 **Advanced grid modernization technology;**  
15 **principles.** (a) The commission, in carrying out its  
16 responsibilities under this chapter, shall consider the value of  
17 improving electrical generation, transmission, and distribution  
18 systems and infrastructure within the State through the use of  
19 advanced grid modernization technology in order to improve the  
20 overall reliability, resilience, and operational efficiency of  
21 the Hawaii electric system.



1 (b) In advancing the public interest, the commission shall  
2 balance technical, economic, environmental, and cultural  
3 considerations associated with modernization of the electric  
4 grid, based on principles that include but are not limited to:

5 (1) Enabling a diverse portfolio of renewable energy  
6 resources;

7 (2) Expanding options for customers to manage their energy  
8 use;

9 (3) Maximizing interconnection of distributed generation  
10 to the State's electric grids on a cost-effective  
11 basis at non-discriminatory terms and at just and  
12 reasonable rates, while maintaining the reliability of  
13 the State's electric grids, and allowing such access  
14 and rates through applicable rules, orders, and  
15 tariffs as reviewed and approved by the commission;

16 (4) Determining fair compensation for electric grid  
17 services and other benefits provided to customers and  
18 for electric grid services and other benefits provided  
19 by distributed generation customers and other  
20 non-utility service providers; and



1 (5) Maintaining or enhancing grid reliability, resilience,  
2 and safety through modernization of the State's  
3 electric grids."

4 SECTION 6. Section 269-146, Hawaii Revised Statutes, is  
5 amended by amending subsections (a) through (c) to read as  
6 follows:

7 "(a) The commission [~~may~~] shall require, by rule or order,  
8 that all utilities, persons, businesses, or entities connecting  
9 to the Hawaii electric system, or any other user, owner, or  
10 operator of any electric element that is a part of an  
11 interconnection on the Hawaii electric system shall pay a  
12 surcharge that shall be collected by Hawaii's electric  
13 utilities. The commission shall not contract or otherwise  
14 delegate the ability to create the Hawaii electricity  
15 reliability surcharge under this section to any other entity.  
16 This surcharge amount shall be known as the Hawaii electricity  
17 reliability surcharge.

18 (b) Amounts collected through the Hawaii electricity  
19 reliability surcharge shall be transferred in whole or in part  
20 to any entity contracted by the commission to act as the Hawaii  
21 electricity reliability administrator provided for under this



1 part[-] and to the commission for the purpose of its duties  
2 pursuant to sections 269-142, 269-143, and 269-144.

3 (c) The Hawaii electricity reliability surcharge shall be  
4 used for the purposes of ensuring the reliable operation and  
5 resilience of the Hawaii electric system and overseeing grid  
6 access on the Hawaii electric system through the activities of  
7 the Hawaii electricity reliability administrator contracted  
8 under section 269-147; provided that amounts collected under the  
9 Hawaii electricity reliability surcharge shall not be available  
10 to meet any current or past general obligations of the State."

11 SECTION 7. Section 269-147, Hawaii Revised Statutes, is  
12 amended by amending subsection (a) to read as follows:

13 "(a) The commission [~~may~~] shall contract for the  
14 performance of its functions under this part with a person,  
15 business, or organization, except for a public utility as  
16 defined under this chapter, that will serve as the Hawaii  
17 electricity reliability administrator provided for under this  
18 part; provided that the commission shall not contract for the  
19 performance of its functions under sections 269-142(a) and (b)  
20 and 269-146."





1 SECTION 8. Statutory material to be repealed is bracketed  
2 and stricken. New statutory material is underscored.

3 SECTION 9. This Act shall take effect upon its approval.

4

INTRODUCED BY:

Elle Cochran

JAN 24 2024



**Report Title:**

PUC; Reliability Standards; Hawaii Electricity Reliability Administrator

**Description:**

Requires the Public Utilities Commission to establish reliability standards and interconnection requirements for the Hawaii electric system. Establishes system resilience as a metric that is monitored and considered by the Commission. Requires the Commission to collect the Hawaii electricity reliability surcharge and provides that the surcharge may be transferred to the Commission for the purpose of its duties. Requires the Commission to contract for the performance of certain of its functions with a Hawaii Electricity Reliability Administrator.

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

