

STAND. COM. REP. NO.

1571

Honolulu, Hawaii

MAR 24 , 2023

RE: S.B. No. 839
S.D. 2
H.D. 2

Honorable Scott K. Saiki
Speaker, House of Representatives
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 839, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish the Hawaii Electricity Reliability Surcharge Special Fund and Subaccount;
- (2) Require the Public Utilities Commission to:
 - (A) Establish reliability standards and interconnection requirements for all electric utilities and all users, owners, or operators of the Hawaii Electric System and determine the responsible party to bear any associated costs;
 - (B) Distinguish between interconnection facilities and utility network upgrades;
 - (C) Ensure that the cost of interconnection facilities is the responsibility of the interconnection customer;

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- (D) Ensure certain costs of utility network upgrades are the sole responsibility of the utility transmission provider;
 - (E) Open an investigation into the cost of past project delays and determine, as appropriate, if electric utilities should be penalized or ratepayers should be compensated; and
 - (F) Submit a report and assessment of the Hawaii Electricity Reliability Administrator to the Legislature;
- (3) Require the Public Utilities Commission to establish a timeline and requirements for interconnection procedures for certain utility-scale renewable energy projects;
 - (4) Make the Public Utilities Commission's contracting for the Hawaii Electric Reliability Administrator mandatory rather than discretionary; and
 - (5) Beginning January 1, 2024, require the Hawaii Electricity Reliability Administrator Surcharge to be imposed on the bills of customers of investor-owned electric utility companies to cover the complete cost of the Hawaii Electricity Reliability Administrator and deposited into the Hawaii Electricity Reliability Surcharge Special Fund.

Your Committee received testimony in support of this measure from the Hawaii Clean Power Alliance. Your Committee received testimony in opposition to this measure from Hawaiian Electric, Citizens' Caucus, Building Industry Association of Hawaii, and Retail Merchants of Hawaii. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs, Public Utilities Commission, Kaua'i Island Utility Cooperative, Hawaii Solar Energy Association, and Ulupono Initiative.

Your Committee finds that Act 201, Session Laws of Hawaii 2022, directed the Public Utilities Commission to conduct a study related to interconnection practices of electric utilities (Act 201 Study). The Act 201 Study addresses certain concerns attempting to be addressed by this measure. Furthermore, the



phase II part of the Act 201 Study is expected to be reported to the Legislature before the Regular Session of 2024. As such, certain provisions of this measure are unnecessary.

Accordingly, your Committee has amended this measure by:

- (1) Renaming the Hawaii Electricity Reliability Surcharge Special Fund as the Hawaii Electricity Reliability Administrator Special Fund to be funded by annual transfers from the Public Utilities Commission Special Fund;
- (2) Increasing the carryover balance of the Public Utilities Commission Special Fund and specifying that a portion of the balance be transferred to the Hawaii Electricity Reliability Administrator Special Fund;
- (3) Clarifying that the appropriation in this measure is for funds appropriated into and out of the Hawaii Electricity Reliability Administrator Special Fund;
- (4) Deleting all other provisions in this measure, including provisions regarding reliability standards, interconnection requirements and facilities, costs of utility network upgrades, investigations, establishment of a timeline and requirements for interconnection procedures, mandatory contracting, and a surcharge on customer bills;
- (5) Updating the preamble to reflect this measure's amended purpose; and
- (6) Making technical, nonsubstantive amendments for the purposes of 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 S.B. No. 839, S.D. 2, H.D. 1, as amended herein, and recommends that it be referred to your Committee on Finance in the form attached hereto as S.B. No. 839, S.D. 2, H.D. 2.



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



MARK M. NAKASHIMA, Chair



