

Honolulu, Hawaii

MAR 03 2023

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

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Second State Legislature
Regular Session of 2023
State of Hawaii

Sir:

Your Committees on Commerce and Consumer Protection and Ways and Means, to which was referred S.B. No. 839, S.D. 1, entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish the Hawaii Electricity Reliability Surcharge Special Fund;
- (2) Require the Public Utilities Commission to establish reliability standards and interconnection requirements for all users, owners, or operators of the Hawaii electric system and determine the responsibility of costs associated with any reliability standards or inter-connection requirements;
- (3) Require the Public Utilities Commission to establish:
 - (A) The distinction between interconnection facilities and utility network upgrades;
 - (B) That the cost of interconnection facilities shall be the responsibility of the interconnection customer; and



- (C) That the cost of utility network upgrades shall be the sole responsibility of the transmission provider;
- (4) Establish a timeline and requirements for interconnection procedures to be established by the Public Utilities Commission for certain utility-scale renewable energy projects;
 - (5) Require implementation of the Hawaii Electricity Reliability Administrator Law upon establishment of the Hawaii Electricity Reliability Administrator Surcharge;
 - (6) Beginning January 1, 2024, require the surcharge to be imposed on certain customers to cover the costs of the Administrator to be deposited into the Hawaii Electricity Reliability Surcharge Special Fund Subaccount;
 - (7) Require the Public Utilities Commission to submit a report and assessment of the Hawaii Electric Reliability Administrator to the Legislature; and
 - (8) Appropriate funds to be deposited into the Hawaii Electricity Reliability Surcharge Special Fund.

Your Committees received testimony in support of this measure from the Hawaii Clean Power Alliance. Your Committees received testimony in opposition to this measure from the Hawaiian Electric Company, Inc. Your Committees received comments on this measure from the Department of Commerce and Consumer Affairs, Public Utilities Commission, and Ulupono Initiative.

Your Committees find that accelerating the development of renewable energy to reduce greenhouse gases is a high priority and that the Legislature has enacted numerous Acts to achieve this objective. The timely completion of grid-connected renewable energy projects will help the State achieve the targets and limits established through prior legislation. However, your Committees find that electric public utility companies are experiencing interconnection delays that increase development costs and extend renewable project timelines. Additionally, the State does not regulate interconnection costs, which results in the ratepayer



bearing the full financial burden of both interconnection costs and utility network upgrades in the electricity rates. Your Committees believe that this measure will establish grid reliability standards, regulate the timely and transparent interconnection of utility-scale renewable energy projects, and help distinguish the cost responsibilities between interconnection facilities and utility network upgrades to assist the State in achieving its ambitious energy goals.

Your Committees have amended this measure by:

- (1) Clarifying the Hawaii Electricity Reliability Administrator surcharge shall be imposed on the bills of customers of investor-owned electric utility companies, rather than Hawaiian Electric customers;
- (2) Inserting a blank appropriation amount;
- (3) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (4) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Commerce and Consumer Protection and Ways and Means that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 839, S.D. 1, as amended herein, and recommend that it pass Third Reading in the form attached hereto as S.B. No. 839, S.D. 2.

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



DONOVAN M. DELA CRUZ, Chair



JARRETT KEOHOKALOOLE, Chair



The Senate
 Thirty-Second Legislature
 State of Hawai'i

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:*	Committee Referral:	Date:
SB839 SD1	EET, CPN/WAM	3/1/23

The Committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312 Pass, with amendments 2311 Hold 2310 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
KEOHOKALOOLE, Jarrett (C)	✓			
FUKUNAGA, Carol (VC)	✓			
MCKELVEY, Angus L.K.	✓			
RICHARDS, III, Herbert M. "Tim"	✓			
AWA, Brenton	✓			
TOTAL	5			

Recommendation: Adopted Not Adopted


Chair's or Designee's Signature:


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*Only one measure per Record of Votes

The Senate
Thirty-Second Legislature
State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:* SB 839 SD1	Committee Referral: EET, CPN/WAM	Date: 3/1/23		
<input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
DELA CRUZ, Donovan M. (C)	X			
KEITH-AGARAN, Gilbert S.C. (VC)	X			
AQUINO, Henry J.C.	X			
DECOITE, Lynn	X			
INOUYE, Lorraine R.	X			
KANUHA, Dru Mamo	X			
KIDANI, Michelle N.	X			
KIM, Donna Mercado	X			
LEE, Chris	X			
MORIWAKI, Sharon Y.	X			
SHIMABUKURO, Maile S.L.				X
WAKAI, Glenn	X			
FEVELLA, Kurt	X			
TOTAL	12			1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
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