

ACT 201

S.B. NO. 2474

A Bill for an Act Relating to Renewable Energy.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. (a) The public utilities commission shall contract with a qualified consultant to conduct a study on the accessibility of Hawaii's electric system and procedures for interconnection to Hawaii's electric system, including but not limited to the timeliness and costs of interconnection.

(b) The study shall apply to interconnection for renewable energy projects greater than five megawatts and any community-based renewable energy generation projects of any megawatt size from investor-owned utilities and utilities that serve counties with a population of more than one hundred thousand.

(c) The study shall:

- (1) Include, but not be limited to, reliability standards to be established by the public utilities commission;
- (2) Identify interconnection requirements and procedures for interconnection to the State's electric utility grid;
- (3) Describe the interconnection process and who is responsible for each element of the process;
- (4) Determine the reasonableness of time for each element of the interconnection process;
- (5) Determine the reasonableness of the elements and methodology that utilities utilize to charge for interconnection;
- (6) Determine the reasonableness and equity of costs charged to those that interconnect to an electric utility;
- (7) Include costs of interconnection by an electric utility for the interconnection of the electric utility's self-build projects;
- (8) Include reporting and analysis over the previous seven years of the:
 - (A) Timeliness of the interconnection process from the execution of the power purchase agreement through the interconnection completion, if applicable, or up through the time that the last step is completed; and
 - (B) Cost of interconnection of renewable energy projects, including:
 - (i) The charges to those who interconnected or are in the process of interconnecting to an electric utility;
 - (ii) Any project management fees; and
 - (iii) Any other elements that are relevant in the methodology, including but not limited to the size of the project, the distance to the interconnection point;
- (9) Include documentation of the delays in the interconnection process for stage 1 and stage 2 renewable procurement projects, including the cause of each delay as well as the party responsible for the delay;

- (10) Determine whether any elements of interconnection are currently rate-based;
- (11) Determine the reasonableness of the cost of project management fees assessed by an electric utility to those entities that interconnect to the electric utility;
- (12) Determine the reasonableness of requiring new or additional interconnection studies for changes in equipment;
- (13) Determine what would constitute a reasonable change to cause a new or extended interconnection process;
- (14) Incorporate comments from entities who connect to an electric utility in a confidential manner and be reported anonymously in the study;
- (15) Report on the implementation of a Hawaii electric reliability administrator to be implemented by the public utilities commission;
- (16) Evaluate the public utilities commission's progress in the implementation of a Hawaii electric reliability administrator; and
- (17) Recommend statutory amendments to the laws relating to the Hawaii electric reliability administrator.
 - (d) The study shall include recommendations on:
 - (1) Reliability standards that should be considered and imposed by the public utilities commission on an electric utility;
 - (2) Interconnection procedures;
 - (3) Reasonable timelines for an electric utility and an entity that interconnects;
 - (4) How the public utilities commission can monitor the interconnection process;
 - (5) Processes, data tools, and reporting requirements by the electric utility;
 - (6) How interconnection costs can be provided to developers prior to the utility procurement process or how to adjust for changes to the power purchase agreement to reflect interconnection costs;
 - (7) Mechanisms to be imposed by the public utilities commission and the legislature to improve the timeliness of the interconnection process and the reasonableness of cost;
 - (8) A process to provide transparency in interconnection costs;
 - (9) Processes for the public utility commission to oversee and approve the cost and timeliness of interconnection;
 - (10) Whether interconnection costs should be regulated, tariffed, or rate-based for consistency and transparency;
 - (11) Whether performance incentives, penalties, or both, should be imposed on an electric utility for timely and cost-effective interconnection;
 - (12) The reasonable interconnection events that would require modification to this study;
 - (13) The reasonable timelines for modification caused by an electric utility or an entity that interconnects to the State's electric utility grid;
 - (14) Resolution processes for interconnection disputes; and
 - (15) Processes, including administrative, technological, policy, or other related requirements for ensuring effective reliability of the Hawaii electric system and interconnection process.

(e) The public utilities commission shall submit the study required by this Act and a report, including its progress in contracting an entity to serve as the Hawaii electric reliability administrator pursuant to section 269-147, Hawaii

Revised Statutes, to the legislature no later than twenty days prior to the convening of the regular session of 2023.

SECTION 2. There is appropriated out of the general revenues of the State of Hawaii the sum of \$100,000 or so much thereof as may be necessary for fiscal year 2022-2023 for the public utilities commission to contract with a qualified consultant to conduct a study on the accessibility of and procedures for interconnection to Hawaii's electric system.

The sum appropriated shall be expended by the public utilities commission for the purposes of this Act.

SECTION 3. This Act shall take effect on July 1, 2022.

(Approved June 27, 2022.)