A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

1 The legislature finds that Hawaii residents SECTION 1. 2 should be able to participate in and enjoy the economic, environmental, and societal benefits of renewable energy. 3 4 Spurred by the Hawaii clean energy initiative and increasingly 5 affordable clean energy options, such as solar photovoltaic, 6 localized renewable energy generation technology has become 7 increasingly attainable for all types of consumers over the past 8 several years. 9 While the residential solar energy use statewide doubled in 10 2012, many individuals and households are currently unable to 11 directly participate in renewable energy because of their 12 location, building type, access to the electric utility grid, 13 and other impediments. 14 The community-based renewable energy program seeks to 15 rectify this inequity by dramatically expanding the market for 16 eligible renewable energy resources to include residential and commercial renters, residential and commercial buildings with **17**

shaded or improperly oriented roofs, and other groups who are

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18

- 1 unable to access the benefits of onsite clean energy generation.
- 2 The legislature finds that it is in the public interest to
- 3 promote broader participation in self-generation by Hawaii
- 4 residents, public agencies, and businesses through the
- 5 development of community renewable energy facilities in which
- 6 participants are entitled to generate electricity and receive
- 7 credit for that electricity on their utility bills.
- 8 Community-based renewable energy creates new construction
- 9 jobs, stimulates the economy, reduces emissions of greenhouse
- 10 gases, promotes energy independence, and assists in meeting the
- 11 State's clean energy goals. Further, community-based renewable
- 12 energy enables schools, colleges, universities, local
- 13 governments, businesses, and consumers to save money on their
- 14 electricity bills, thereby helping to fund educational programs,
- 15 social services, and new hiring.
- 16 It is the intent of the legislature that as the public
- 17 utilities commission works to implement this Act, the commission
- 18 carefully consider regulatory barriers to distributed generation
- 19 projects, whether identified or not, and quickly address
- 20 barriers in a manner that is conducive to the development of
- 21 distributed generation projects consistent with appropriate
- 22 ratepayer protections. This Act is not intended to delay or



- 1 limit electric utilities, regulated by public utilities
- 2 commission, from establishing and implementing community
- 3 based renewable energy programs, and this Act shall not,
- 4 absent the issuance of a rule or order by the public
- 5 utilities commission, regulate the terms or operation of a
- 6 community-based renewable energy program owned or operated by
- 7 such electric utility.
- 8 The purpose of this Act is to establish the Hawaii
- 9 community-based renewable energy program to make the benefits of
- 10 renewable energy more accessible to a greater number of Hawaii
- 11 residents.
- 12 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
- 13 amended by adding a new part to be appropriately designated and
- 14 to read as follows:
- 15 "PART . COMMUNITY-BASED RENEWABLE ENERGY.
- 16 §269-A Definitions. As used in this part:
- 17 "Benefiting account" means one or more accounts designated
- 18 to receive a bill credit under section 269-B.
- 19 "Bill credit" means an amount of money credited each month
- 20 to one or more benefiting accounts based on the percentage share
- 21 of the community renewable energy facility that is assigned to



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    the account pursuant to the methodology described in section
2
    269-D.
3
         "Commission" means the public utilities commission.
         "Community renewable energy facility" means a facility for
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5
    the generation of electricity, not owned or operated by an
6
    electric utility regulated by the commission, which provides
7
    community-based renewable energy and meets the following
8
    requirements:
9
         (1)
              Produces renewable energy as defined in section
10
              269-91;
11
         (2)
              Measures the electrical output of the facility by a
12
              production meter capable of recording electrical
13
              generation in real time;
14
         (3)
              Is located within the service territory of an electric
15
              utility;
16
         (4)
              Operates in parallel with the electric utility's
17
              transmission and distribution facilities;
18
         (5)
              Conforms with the electric utility's interconnection
19
              requirements;
20
         (6)
              Is not subject to net energy metering under part VI;
21
              and
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1
         (7) Achieves initial commercial operation on January 1,
 2
              2015, or thereafter.
 3
         "Electric utility" means a public utility as defined in
 4
    section 269-1, for the production, conveyance, transmission,
 5
    delivery, or furnishing of electric power.
 6
         "Interest" means a direct or indirect ownership, lease,
 7
    subscription, or financing interest in a community renewable
 8
    energy facility that enables the participant to receive a bill
 9
    credit for a retail account with the electric utility.
10
         "Maintenance expense" means a deduction to the
    participant's credit amount, as directed by the participant and
11
12
    collected by the electric utility for payment to the participant
13
    organization by the electric utility for deposit into a
14
    protected trust or escrow account not in the participant
15
    organization's name, for the sole purposes of maintaining the
16
    community renewable energy facility.
17
         "Participant" means a retail customer of an electric
18
    utility who owns, leases, finances, or subscribes to an interest
19
    in a community renewable energy facility and who has designated
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    one or more of its own retail accounts as a benefiting account
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    to which the subscription shall be attributed.
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- 1 "Participant organization" means any entity, other than an 2 electric utility regulated by the commission, whose purpose is 3 to own or operate a community renewable energy facility for the 4 benefit of participants of that facility. 5 "Value" means the sum of electricity calculated in 6 accordance with the applicable rate structure under section 269-7 C. 8 §269-B Hawaii community-based renewable energy program; 9 facilities; benefiting accounts; participants. (a) There is **10** established the Hawaii community-based renewable energy program 11 to make renewable energy more accessible to a greater number of 12 Hawaii residents. 13 (b) A retail customer of an electric utility may acquire 14 an interest in a community renewable energy facility for the 15 purpose of becoming a participant and receiving a bill credit to 16 offset all or a portion of the customer's bill for electrical 17 service. Each participant shall designate one or more 18 benefiting accounts to which the interest shall be attributed. 19 (c) A community renewable energy facility shall comply 20 with all safety and performance standards under section 269-111.
- (d) To be eligible to be designated as a benefitingaccount, the account shall be for service to premises located



- 1 within the geographical boundaries of the service territory of
- 2 the electric utility containing the community renewable energy
- 3 facility.
- 4 (e) Participants may aggregate their loads for the purpose
- 5 of participating in a community renewable energy facility
- 6 pursuant to this part.
- 7 (f) A participant that elects to aggregate its loads for
- 8 the purpose of acquiring an interest in a community renewable
- 9 energy facility shall designate the benefiting accounts and the
- 10 allocation of the bill credit to those accounts.
- 11 (g) A participant organization may own or operate a
- 12 community renewable energy facility for the benefit of
- 13 participants of that facility. A community renewable energy
- 14 facility may be built, owned, or operated by a third party under
- 15 contract with a participant organization.
- (h) The commission shall not regulate the prices paid for
- 17 an interest in a community renewable energy facility, but may
- 18 enforce the required disclosures pursuant to section 269-H.
- (i) Each electric utility shall maintain a publicly
- 20 available database of existing and proposed community renewable
- 21 energy facilities.

1	§269-C Standard contract or tariff; rate structure. (a)
2	Every electric utility shall develop a standard community-based
3	renewable energy metering contract or tariff, for approval by
4	the commission, providing for community-based renewable energy
5	and shall make this contract or tariff available to
6	participants. The commission may amend the rate structure,
7	standard contract, or tariff by rule or order. This contract or
8	tariff shall:
9	(1) Calculate the value of the bill credit or bill owed
10	for the benefiting account's kilowatt-hour production
11	and consumption based on a time-of-use rate structure
12	that, at a minimum:
13	(A) Reflects the time-dependent value of the
14	participants' energy generated, and time-
15	dependent cost of the participants' energy
16	consumed, as such value changes based on utility
17	demand and on the availability of energy
18	resources; and
19	(B) Reflects the value of ancillary services or
20	demand response capability provided by the
21	community renewable energy facility and
22	participants; or

1	(2)	Calc	ulate the value of the bill credit or bill owed
2		for	the benefiting account's kilowatt-hour production
3		and	consumption:
4		(A)	At the retail rate of the rate class to which the
5			benefiting account would normally be assigned if
6			the customer were not a participant;
7		(B)	With an allowable fixed monthly charge that
8			reflects the utility's fixed costs associated
9			with participants' use of the utility's
10			transmission, distribution, and other
11			infrastructure; and
12		(C)	With a monthly credit based on the value of any
13			ancillary services or demand response capability
14			provided by the community renewable energy
15			facility and participants.
16	(b)	For	participants who have acquired an interest in an
17	operation	al or	proposed community renewable energy facility
18	prior to	the d	ate of commission approval of a contract or tariff
19	developed	by a	n electric utility in accordance with subsection
20	(a):		
21	(1)	Each	community-based renewable energy metering
22		cont	ract or tariff shall be identical, with respect to

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1		the value of electricity and the rate structure, to
2		the contract or tariff to which the same customer
3		would be assigned if the customer was not a
4		participant;
5	(2)	The charges for all retail rate components for
6		participants shall be based exclusively on the
7		participant's net kilowatt-hour consumption over a
8		monthly billing period. Any new or additional demand
9		charge, standby charge, customer charge, minimum
10		monthly charge, interconnection charge, or other
11		charge that would increase a participant's costs
12		beyond those of other customers in the rate class to
13		which the participant would otherwise be assigned are
14		contrary to the intent of this section, and shall not
15		form a part of community-based renewable energy
16		metering contracts or tariffs, prior to commission
17		approval of a standard community-based renewable
18		energy metering contract or tariff pursuant to
19		subsection (a); and
20	(3)	The value of the compensation owed for the benefiting

account's net monthly kilowatt-hour consumption shall

be calculated at the retail rate of the rate class to

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1		which the benefiting account would normally be
2		assigned if the customer were not a participant.
3	§269	-D Calculation. The bill credit calculation shall be
4	made by m	easuring the difference between the value of
5	electrici	ty supplied to the benefiting account from the electric
6	utility,	and:
7	(1)	The percentage share allocated to the benefiting
8		account of the value of the electricity generated by
9		the community renewable energy facility and fed back
10		to the electric grid over a monthly billing period;
11	. (2)	Any maintenance expenses deducted; and
12	(3)	Any unused credits for the value of excess electricity
13		from the percentage share allocated to the benefiting
14		account, carried over from previous months since the
15		last twelve-month reconciliation period, pursuant to
16		section 269-E.
17	§269	-E Billing periods; twelve-month reconciliation. (a)
18	Billing of	f a participant's benefiting accounts shall be on a
19	monthly ba	asis; provided that the last monthly bill for each
20	twelve-mon	nth period shall reconcile for that twelve-month period
21	the applic	cable monthly bill credit or bill owed with:

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1	(1)	The percentage share allocated to the benefiting
2		account of the value of the electricity generated by
3		the community renewable energy facility and fed back
4		to the electric grid over the monthly billing period;
5	(2)	Any maintenance expense deducted; and
6	(3)	Any unused bill credits for the value of excess
7		electricity from the percentage share allocated to the
8		benefiting account, carried over from prior months
9		since the last twelve-month reconciliation period.
10	(b)	Bill credits for the percentage share allocated to the
11	benefiting	g account of the value of excess electricity generated
12	by the co	mmunity renewable energy facility that remain unused
13	after eacl	n twelve-month reconciliation period shall not be
14	carried o	ver to the next twelve-month period.
15	§269	-F Net electricity consumers. At the end of each
16	monthly b	illing period, if the value of the electricity supplied
17	to the bei	nefiting account by the electric utility during the
18	period exc	ceeds:
19	(1)	The percentage share allocated to the benefiting
20		account of the value of the electricity generated by
21		the community renewable energy facility during that
22		same period;

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1	(2) Any maintenance expense deducted; and
2	(3) Any unused bill credits for the value of excess
3	electricity from the percentage share allocated to the
4	benefiting account of the value of the electricity,
5	generated by the community renewable energy facility,
6	carried over from prior months since the last twelve-
7	month reconciliation period,
8	the benefiting account shall be deemed a net electricity
9	consumer who shall owe the electric utility compensation for the
10	value of the benefiting account's kilowatt-hour consumption over
11	that same period.
12	§269-G Net electricity producers; excess electricity
13	credits and credit carry-over. (a) At the end of each monthly
14	billing period, if the percentage share allocated to the
15	benefiting account of the value of the electricity generated by
16	the community renewable energy facility during the month exceeds
17	the value of electricity supplied to the benefiting account by
18	the electric utility during that same period, the benefiting
19	account shall be deemed a net electricity producer and shall
20	retain a credit for the value of such electricity production;
21	provided that:

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1	. (1)	The percentage share allocated to the benefiting
2		account of the electricity generated by the community
3		renewable energy facility in excess, if any, in each
4		monthly billing period shall be carried over to the
5		next month as a monetary value to the credit of the
6		benefiting account, which bill credit may accumulate
7		and be used to offset the compensation owed the
8		electric utility for the benefiting account's
9		electricity service for succeeding months within each
10		twelve-month period; and
11	(2)	The electric utility shall reconcile the value of the
12		benefiting account's consumption and the percentage
13		share allocated to the benefiting account of the value
14		of the electricity generated by the community
15		renewable energy facility for each twelve-month period
16		as set forth in section 269-E.
17	(b)	The benefiting account shall not be owed any
18	compensat	ion other than credits as provided in this section
19	unless the	e electric utility enters into a purchase agreement

participant organization shall provide to the electric utility

§269-H Participant organization obligations. (a) A

with the benefiting account for those excess kilowatt-hours.



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1	informati	on on the identity of the benefiting accounts that will
2.	receive a	bill credit pursuant to this part not less than thirty
3	days prio	r to the billing cycle for which the participant's
4	account w	ill receive a bill credit.
5	(b)	Prior to the sale of any interest in a community
6	renewable	energy facility, the participant organization shall
7	provide a	disclosure to the potential participant that, at a
8	minimum,	includes all of the following:
9	(1)	A good faith estimate of the annual kilowatt-hours to
10		be delivered by the community renewable energy
l 1		facility based on the size of the interest and the
12		term of that interest;
13	(2)	A plain language explanation of the form and term of
!4		participation and the disposition of the participant's
15		portion after the term;
l6	(3)	A plain language explanation of the terms under which
l 7		the bill credits will be calculated;
18	(4)	A plain language explanation of the contract
19		provisions regulating the disposition or transfer of
20		the interest and the mechanism for a participant to

change the designation of a benefiting account; and

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- 1 (5) A plain language explanation of the costs and benefits
 2 to the potential participant based on current usage
 3 and the applicable tariff, for the term of the
 4 proposed contract.
- (c) Upon providing the electric utility with a minimum of thirty days' notice, the participant organization may change, add, or remove a benefiting account not more than once per month. If the owner of a benefiting account transfers service to a new address or benefiting account, the electric utility shall transfer any bill credits remaining from the previous account to the new account.
- 12 A participant organization shall be responsible for **13** providing to the electric utility a monthly statement of the 14 percentage shares to be used to determine the bill credit to 15 each benefiting account and the associated maintenance expenses 16 to be deducted. The maintenance expenses shall be monetized at 17 the customer rate class. If there has been no change in the 18 allocations from the previous submission or in the method of 19 calculating the facility rate of participants, the participant 20 organization shall not be required to submit a new statement.
- (e) The participant organization shall provide real-timemeter data to the electric utility and shall make the data

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- 1 available to a participant upon request. A participant
- 2 organization shall be responsible for all costs of metering and
- 3 shall retain production data for a period of thirty-six months.
- 4 (f) A participant organization shall provide no less than
- 5 one hundred twenty days' notice to the electric utility and the
- 6 commission prior to the date the community renewable energy
- 7 facility becomes operational.
- 8 (g) The participant organization shall be responsible for
- 9 providing an operations and maintenance plan to the electric
- 10 utility and to the commission that details the renewable energy
- 11 facility's sources and uses of operations and maintenance funds
- 12 for the term of the facility.
- 13 §269-I Electric utility obligations. (a) An electric
- 14 utility shall process requests for the establishment of bill
- 15 credits and changes to benefiting accounts within thirty days
- 16 from the date it receives the request.
- 17 (b) An electric utility shall cooperate fully with
- 18 community renewable energy facilities to implement this part."
- 19 SECTION 3. Section 269-1, Hawaii Revised Statutes, is
- 20 amended by amending the definition of "public utility" to read
- 21 as follows:
- 22 ""Public utility":



1	(1)	Includes every person who may own, control, operate,
2		or manage as owner, lessee, trustee, receiver, or
3		otherwise, whether under a franchise, charter,
4		license, articles of association, or otherwise, any
5		plant or equipment, or any part thereof, directly or
6		indirectly for public use for the transportation of
7		passengers or freight; for the conveyance or
8		transmission of telecommunications messages; for the
9		furnishing of facilities for the transmission of
10		intelligence by electricity within the State or
11		between points within the State by land, water, or
12		air; for the production, conveyance, transmission,
13		delivery, or furnishing of light, power, heat, cold,
14	·	water, gas, or oil; for the storage or warehousing of
15		goods; or for the disposal of sewage; provided that
16		the term shall include:
17		(A) An owner or operator of a private sewer company
18		or sewer facility; and
19		(B) A telecommunications carrier or
20		telecommunications common carrier; and
21	(2)	Shall not include:

1	(A)	An owner or operator of an aerial transportation
2		enterprise;
3	(B)	An owner or operator of a taxicab as defined in
4		this section;
5	(C)	Common carriers that transport only freight on
6		the public highways, unless operating within
7	•	localities, along routes, or between points that
8		the public utilities commission finds to be
9		inadequately serviced without regulation under
10		this chapter;
11	(D)	Persons engaged in the business of warehousing or
12		storage unless the commission finds that
13		regulation is necessary in the public interest;
14	(E)	A carrier by water to the extent that the carrier
15		enters into private contracts for towage,
16		salvage, hauling, or carriage between points
17		within the State; provided that the towing,
18		salvage, hauling, or carriage is not pursuant to
19		either an established schedule or an undertaking
20		to perform carriage services on behalf of the
21		public generally;

1	(F·)	A carrier by water, substantially engaged in
2		interstate or foreign commerce, that transports
3		passengers on luxury cruises between points
4		within the State or on luxury round-trip cruises
5		returning to the point of departure;
6	(G)	Any user, owner, or operator of the Hawaii
7		electric system as defined under section 269-141
8	(H)	A telecommunications provider only to the extent
9		determined by the public utilities commission
10		pursuant to section 269-16.9;
11	(I)	Any person who controls, operates, or manages
12		plants or facilities developed pursuant to
13		chapter 167 for conveying, distributing, and
14		transmitting water for irrigation and other
15		purposes for public use and purpose;
16	(J)	Any person who owns, controls, operates, or
17		manages plants or facilities for the reclamation
18		of wastewater; provided that:
19		(i) The services of the facility are provided
20		pursuant to a service contract between the
21		person and a state or county agency and at
22		least ten per cent of the wastewater

1		processed is used directly by the state or
2		county agency that entered into the service
3		contract;
4	(ii)	The primary function of the facility is the
5		processing of secondary treated wastewater
6		that has been produced by a municipal
7		wastewater treatment facility owned by a
8		state or county agency;
9	(iii)	The facility does not make sales of water to
10		residential customers;
11	(iv)	The facility may distribute and sell
12		recycled or reclaimed water to entities not
13		covered by a state or county service
14		contract; provided that, in the absence of
15	•	regulatory oversight and direct competition,
16		the distribution and sale of recycled or
17		reclaimed water shall be voluntary and its
18		pricing fair and reasonable. For purposes
19		of this subparagraph, "recycled water" and
20		"reclaimed water" means treated wastewater
21		that by design is intended or used for a
22		beneficial purpose; and

1		(v) The facility is not engaged, either directly
2		or indirectly, in the processing of food
3		wastes;
4	(K)	Any person who owns, controls, operates, or
5		manages any seawater air conditioning district
6		cooling project; provided that at least fifty per
7		cent of the energy required for the seawater air
8		conditioning district cooling system is provided
9		by a renewable energy resource, such as cold,
10		deep seawater;
11	(L)	Any person who owns, controls, operates, or
12		manages plants or facilities primarily used to
13		charge or discharge a vehicle battery that
14		provides power for vehicle propulsion;
15	(M)	Any person who:
16		(i) Owns, controls, operates, or manages a
17		renewable energy system that is located on a
18		customer's property; and
19	((ii) Provides, sells, or transmits the power
20		generated from that renewable energy system
21		to an electric utility or to the customer on
22		whose property the renewable energy system

1		is located; provided that, for purposes of
2		this subparagraph, a customer's property
3		shall include all contiguous property owned
4		or leased by the customer without regard to
5		interruptions in contiguity caused by
6		easements, public thoroughfares,
7		transportation rights-of-way, and utility
8		rights-of-way; [and]
9	(N) An	y person who owns, controls, operates, or
10	max	nages a renewable energy system that is located
11	on	such person's property and provides, sells, or
12	tra	ansmits the power generated from that renewable
13	ene	ergy system to an electric utility or to
14	lea	ssees or tenants on the person's property where
15	the	e renewable energy system is located; provided
16	tha	at:
17	(i)	An interconnection, as defined in section
18		269-141, is maintained with an electric ,
19		public utility to preserve the lessees' or
20		tenants' ability to be served by an electric
21		utility;

1	(ii)	Such person does not use an electric public
2		utility's transmission or distribution lines
3		to provide, sell, or transmit electricity to
4		lessees or tenants;
5	(iii)	At the time that the lease agreement is
6		signed, the rate charged to the lessee or
7		tenant for the power generated by the
8		renewable energy system shall be no greater
9		than the effective rate charged per kilowatt
10		hour from the applicable electric utility
11		schedule filed with the public utilities
12		commission;
13	(iv)	The rate schedule or formula shall be
14		established for the duration of the lease,
15		and the lease agreement entered into by the
16		lessee or tenant shall reflect such rate
17		schedule or formula;
18	(v)	The lease agreement shall not abrogate any
19		terms or conditions of applicable tariffs
20		for termination of services for non-payment
21		of electric utility services or rules
22		regarding health, safety, and welfare;

1	(vi)	The lease agreement shall disclose: (1) the
2		rate schedule or formula for the duration of
3		the lease agreement; (2) that, at the time
4		that the lease agreement is signed, the rate
5		charged to the lessee or tenant for the
6		power generated by the renewable energy
7		system shall be no greater than the
8		effective rate charged per kilowatt hour
9		from the applicable electric utility
10		schedule filed with the public utilities
11		commission; (3) that the lease agreement
12		shall not abrogate any terms or conditions
13		of applicable tariffs for termination of
14		services for non-payment of electric utility
15		services or rules regarding health, safety,
16		and welfare; and (4) whether the lease is
17		contingent upon the purchase of electricity
18		from the renewable energy system; provided
19		further that any disputes concerning the
20		requirements of this provision shall be
21		resolved pursuant to the provisions of the

1	lease agreement or chapter 521, if
2	applicable; and
3	(vii) Nothing in this section shall be construed
4	to permit wheeling[-]; and
5	(O) A person engaged directly or indirectly in
6	developing, producing, delivering, participating
7	in, or selling interests in a community renewable
8	energy facility pursuant to part .
9	If the application of this chapter is ordered by the
10	commission in any case provided in paragraph (2)(C), (D), (H),
11	and (I), the business of any public utility that presents
12	evidence of bona fide operation on the date of the commencement
13	of the proceedings resulting in the order shall be presumed to
14	be necessary to the public convenience and necessity, but any
15	certificate issued under this proviso shall nevertheless be
16	subject to terms and conditions as the public utilities
.17	commission may prescribe."
18	SECTION 4. In codifying the new sections added by section
19	2 of this Act, the revisor of statutes shall substitute
20	appropriate section numbers for the letters used in designating
21	the new sections in this Act.

1	SECTION	5.	Statutory	material	to	be r	epealed	is	bracketed

- 2 and stricken. New statutory material is underscored.
- 3 SECTION 6. This Act shall take effect on July 1, 2014.

4

INTRODUCED BY: Nicole E. Jouen

JAN 2 1 2014

Report Title:

Community-based Renewable Energy Program; Facilities

Description:

Establishes the Hawaii community-based renewable energy program to enable utility customers to participate in a community-based renewable energy facility and benefit from the electricity generated from such a facility. Effective July 1, 2014.

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