

JAN 23 2014

S.B. NO. 3020

A BILL FOR AN ACT

RELATING TO NET ENERGY METERING.

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

1 SECTION 1. The legislature finds that Hawaii's dependence
2 on imported oil for more than three-quarters of its electric
3 power needs makes Hawaii vulnerable to any disruption in the
4 supply of oil to Hawaii. Hawaii's continued reliance on
5 imported oil for electric power production also harms Hawaii's
6 environment.

7 The legislature also finds that Hawaii's utility-supplied
8 electricity generated predominantly from imported oil now costs
9 more than commercial forms of renewable electricity generation
10 such as geothermal, wind, biomass, concentrated solar power, and
11 photovoltaic solar power.

12 The legislature also finds that increased use of Hawaii's
13 renewable energy resources for electricity production would
14 reduce Hawaii's energy costs and Hawaii's vulnerability to oil
15 supply disruptions, and would enhance Hawaii's natural
16 environment.

17 Act 104, Session Laws of Hawaii 2005, enacted net energy
18 metering to lessen Hawaii's dependence on imported oil by



1 encouraging the greater use of renewable energy. Net energy
2 metering has been an effective incentive for the rapid
3 development of renewable electricity self-generation at low cost
4 to the public, but its effectiveness has been restricted by
5 customer capacity and total capacity limits that existed when
6 net energy metering was enacted.

7 Act 104 required an eligible customer-generator to have a
8 capacity of not more than fifty kilowatts. At the time of
9 enactment of Act 104, the distributed generation interconnection
10 procedures to ensure the safety and reliability of the grid had
11 not been clearly established. Since that time, the public
12 utilities commission has clearly established such procedures.
13 Act 104 also set a total capacity limit out of a concern that
14 net energy metering for some ratepayers might impose additional
15 costs on all other ratepayers. Since that time, the legislature
16 finds that it has been established that net energy metering
17 imposes no additional costs on the rate paying public. The
18 legislature concludes that the customer capacity limit and total
19 capacity limit no longer serve any purpose except to reduce the
20 size, slow the speed, and increase the cost to the public of
21 renewable electricity development in Hawaii.



1 The purpose of this Act is to encourage the development of
2 renewable electricity self-generation in Hawaii, reduce Hawaii's
3 dependence on imported oil, secure and reduce the cost of
4 Hawaii's electricity supply, and protect Hawaii's environment by
5 increasing the customer capacity limit on net energy metering to
6 one megawatt, and by amending the total capacity limit on net
7 energy metering to a limit determined by the public utilities
8 commission.

9 SECTION 2. Section 269-101, Hawaii Revised Statutes, is
10 amended to read as follows:

11 "**§269-101 Definitions.** As used in this part:

12 "Eligible customer-generator" means a metered residential
13 or commercial customer, including a government entity, of an
14 electric utility who owns and operates, leases, or purchases
15 electricity from a solar, wind turbine, biomass, or
16 hydroelectric energy generating facility, or a hybrid system
17 consisting of two or more of these facilities, that is:

- 18 (1) Located on the customer's premises;
- 19 (2) [~~Operated in parallel~~] Interconnected with the
20 utility's transmission and distribution facilities;
- 21 (3) In conformance with the utility's interconnection
22 requirements; and



1 (4) Intended primarily to offset part or all of the
2 customer's own electrical requirements.

3 "Net energy metering" means measuring the difference
4 between the electricity supplied through the electric grid and
5 the electricity generated by an eligible customer-generator and
6 fed back to the electric grid over a monthly billing period;
7 provided that:

- 8 (1) Net energy metering shall be accomplished using a
9 single meter capable of registering the flow of
10 electricity in two directions;
- 11 (2) An additional meter or meters to monitor the flow of
12 electricity in each direction may be installed with
13 the consent of the customer-generator, at the expense
14 of the electric utility, and the additional metering
15 shall be used only to provide the information
16 necessary to accurately bill or credit the customer-
17 generator, or to collect solar, wind turbine, biomass,
18 or hydroelectric energy generating system performance
19 information for research purposes;
- 20 (3) If the existing electrical meter of an eligible
21 customer-generator is not capable of measuring the
22 flow of electricity in two directions, the electric



utility shall be responsible for all expenses involved in purchasing and installing a meter that is able to measure electricity flow in two directions;

(4) If an additional meter or meters are installed, the net energy metering calculation shall yield a result identical to that of a single meter; ~~and~~

(5) An eligible customer-generator who already owns an existing solar, wind turbine, biomass, or hydroelectric energy generating facility, or a hybrid system consisting of two or more of these facilities, is eligible to receive net energy metering service in accordance with this part~~-~~; and

(6) The electric utility shall not unreasonably deny, burden, or delay net energy metering service upon a request for such service by a retail customer of the electric utility."

SECTION 3. Section 269-101.5, Hawaii Revised Statutes, is amended to read as follows:

"~~+~~§269-101.5~~+~~ Maximum capacity of eligible customer-generator. The eligible customer-generator shall have a rated AC generating capacity of not more than ~~[fifty kilowatts,~~ provided that the public utilities commission may increase the



1 ~~maximum allowable capacity that eligible customer generators may~~
2 ~~have to an amount greater than fifty kilowatts by rule or order]~~
3 one megawatt."

4 SECTION 4. Section 269-102, Hawaii Revised Statutes, is
5 amended by amending subsections (a) and (b) to read as follows:

6 "(a) Every electric utility shall develop a standard
7 contract or tariff providing for net energy metering and shall
8 make this contract available to eligible customer-generators,
9 upon request, on a first-come-first-served basis [~~until the time~~
10 ~~that the total rated generating capacity produced by eligible~~
11 ~~customer generators equals .5 per cent of the electric utility's~~
12 ~~system peak demand; provided that the]. The public utilities
13 commission may [modify,] specify by rule or order, the total
14 rated generating capacity [produced] that may be interconnected
15 with the electric utility's system by eligible customer-
16 generators; provided [~~further~~] that the public utilities
17 commission [~~shall~~] may ensure that a percentage of the total
18 rated generating capacity produced by eligible customer-
19 generators shall be reserved for electricity produced by
20 eligible residential or small commercial customer-generators.
21 The public utilities commission may define, by rule or order,
22 the maximum allowable rated AC generating capacity for eligible~~



1 residential or small commercial customer-generators.
2 Notwithstanding [~~the~~] any total generating capacity requirements
3 of this subsection, the public utilities commission may
4 evaluate, on an island-by-island basis, the applicability of the
5 generating capacity requirements of this subsection and, in its
6 discretion, may exempt an island or a utility grid system from
7 the generating capacity requirements.

8 (b) Each net energy metering contract or tariff shall be
9 identical, with respect to rate structure, to the contract or
10 tariff to which the same customer would be assigned if the
11 customer was not an eligible customer-generator. The charges
12 for all retail rate components for eligible customer-generators
13 shall be based exclusively on the eligible customer-generator's
14 net kilowatt-hour consumption over a monthly billing period.
15 Any new or additional demand charge, standby charge, customer
16 charge, minimum monthly charge, interconnection charge,
17 interconnection requirements study charge, supplemental review
18 charge, or other charge that would increase an eligible
19 customer-generator's costs beyond those of other customers in
20 the rate class to which the eligible customer-generator would
21 otherwise be assigned are contrary to the intent of this



1 section, and shall not form a part of net energy metering
2 contracts or tariffs."

3 SECTION 5. Section 269-104, Hawaii Revised Statutes, is
4 amended to read as follows:

5 **"§269-104 Additional customer-generators.** Notwithstanding
6 section 269-102, an electric utility is not obligated to provide
7 net energy metering to additional customer-generators in its
8 service area when the combined total peak generating capacity of
9 all eligible customer-generators served by all the electric
10 utilities in that service area furnishing net energy metering to
11 eligible customer-generators equals [~~.5 per cent of the system~~
12 ~~peak demand of those electric utilities;~~] or exceeds the total
13 rated generating capacity of such customer-generators that the
14 public utilities commission, by rule or order, specifies may be
15 interconnected with the electric utility's system; provided that
16 the public utilities commission may increase, by rule or order,
17 the allowable [~~percentage of the electric utility's system peak~~
18 ~~demand produced from eligible customer-generators in the~~
19 ~~electric utility's service area;~~] total rated generating
20 capacity of all such customer-generators, whereupon the electric
21 utility will be obligated to provide net energy metering to
22 additional eligible customer-generators in that electric



1 utility's service area up to the increased [~~percentage amount.~~]
2 allowable total rated generating capacity of all such customer-
3 generators."

4 SECTION 6. Statutory material to be repealed is bracketed
5 and stricken. New statutory material is underscored.

6 SECTION 7. This Act shall take effect on July 1, 2014.

7

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Report Title:

Net Energy Metering; Customer Capacity Limit; Total Capacity Limit

Description:

Increases the customer capacity limit on net energy metering to one megawatt. Repeals the total capacity limit on net energy metering established in statute but imposes a total capacity limit determined by the public utilities commission. Prohibits the electric utility from unreasonably denying, burdening, or delaying net energy metering service upon a request for such service by a retail customer of the electric utility.

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