
A BILL FOR AN ACT

RELATING TO WHEELING.

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

1 SECTION 1. The legislature finds that Hawaii's electricity
2 customers continue to endure the highest electricity prices in
3 the country, and the high cost of electricity imposes
4 substantial burdens on Hawaii's households and businesses.
5 Although some states in the 1990s opted to fully or partially
6 unbundle their electricity sectors to allow for competitive
7 generation segments, separate transmission and distribution
8 segments, and independent system operators, Hawaii has yet to
9 unbundle its electricity sector, with each island's utility
10 still operating as a vertically-integrated regulated monopoly.

11 The legislature also finds that retail wheeling refers to
12 the distribution of electricity owned by an independent power
13 supplier and sold to a retail consumer over transmission and
14 distribution lines of a public utility that is not itself
15 producing the electricity. Fifteen states have actively
16 restructured their energy markets and adopted retail wheeling in
17 some form. However, in Hawaii, independent power producers must



1 sell power to a public utility rather than allowing for direct
2 sale to end users.

3 The legislature believes that given Hawaii's environment
4 and electricity market, wheeling can provide a vehicle for
5 increased competition in energy markets and improved service and
6 customer choice without requiring the utility to divest its own
7 generation assets or lose control over the operation of
8 transmission and distribution.

9 The legislature finds that retail wheeling can be an
10 effective means of fostering innovation and greater renewable
11 energy production, as independent power producers can take
12 advantage of end user preferences for cleaner power to secure
13 higher prices for their output than may be possible under a
14 given utility's avoided cost formula. Retail wheeling would
15 provide an alternative option for independent power producers
16 that is not available under the feed-in-tariff schedule being
17 established by the public utilities commission and the consumer
18 advocate.

19 The legislature believes that expanding independent power
20 producers' off-take options will help to attract additional
21 renewable energy investment, thus contributing to local economic



1 development, job creation, and greater energy security for the
2 State.

3 The purpose of this Act is to require the public utilities
4 commission to explore the feasibility of retail wheeling in
5 Hawaii to increase competition within Hawaii's electrical
6 markets, expand customer choice, reduce customers' electrical
7 bills, and diversify Hawaii's energy base without jeopardizing
8 the stability of the grid or services.

9 SECTION 2. The public utilities commission shall explore,
10 through its docket process, the feasibility of retail wheeling
11 in Hawaii. If the public utilities commission concludes through
12 its docket process that retail wheeling will be beneficial to
13 consumers and the public interest, the public utilities
14 commission shall explore the appropriate steps to be taken to
15 implement retail wheeling. The public utilities commission
16 shall submit a report to the legislature no later than twenty
17 days prior to the convening of the regular session of 2018. If
18 retail wheeling is deemed feasible and in the public and
19 consumer interest, the public utilities commission shall include
20 proposed retail wheeling implementation plans and associated
21 deadlines in its report to the legislature.



1 SECTION 3. This Act shall take effect on July 1, 2112.



Report Title:

Electricity; Retail Wheeling; Public Utilities Commission

Description:

Requires the Public Utilities Commission to explore the feasibility of retail wheeling in Hawaii, report to the Legislature, and, if retail wheeling is deemed feasible and in the public and consumer interest, to submit proposed implementation plans and associated deadlines with its report.
(HB152 HD2)

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