HOUSE OF REPRESENTATIVES
TWENTY-NINTH LEGISLATURE, 2018
STATE OF HAWAII

H.B. NO. 2110 H.D. 2 S.D. 2

A BILL FOR AN ACT

RELATING TO RESILIENCY.

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

SECTION 1. The legislature finds that Hawaii's residents and businesses are vulnerable to disruptions in the islands' energy systems caused by extreme weather events or other disasters. In 2017, Puerto Rico was devastated by Hurricane Maria, leaving ninety per cent of the island's residents without power one month after the storm hit. Puerto Rico is now rebuilding its energy system and incorporating microgrids, or smaller grids with local control capability that can disconnect from the larger electricity grid and operate autonomously.

The legislature finds that the increased use of renewable energy, advanced distributed energy resources, and energy efficiency in Hawaii provides significant economic, health, environmental, and workforce benefits to the State. Microgrids can facilitate the achievement of Hawaii's clean energy policies by enabling the integration of higher levels of renewable energy and advanced distributed energy resources. Microgrids can also provide valuable services to the public utility electricity

grid, including energy storage and demand response, to support load shifting, frequency response, and voltage control, among other ancillary services.

The legislature finds that microgrids can isolate themselves from the larger electricity grid in a time of emergency. By "islanding" and running autonomously, microgrids can provide a building or set of buildings with emergency power for critical medical equipment, refrigeration, and charging critical communications devices. Microgrids can also provide backup power for hospitals and emergency centers. The legislature believes that the use of microgrids would build energy resiliency into our communities, thereby increasing public safety and security.

The legislature finds that while Hawaii is a national leader in developing renewable energy, few microgrids have been developed, as their development has been inhibited by a number of factors, including interconnection barriers and a lack of standard terms regarding the value of services exchanged between the microgrid operator and the utility.

The legislature further finds that without standard terms regarding interconnection and the value of microgrid services,

businesses and residents developing microgrids may choose to leave the utility grid altogether, thereby weakening the overall system and increasing costs for other utility customers.

The purpose of this Act is to encourage and facilitate the development and use of microgrids through the establishment of a standard microgrid services tariff.

SECTION 2. Chapter 269, Hawaii Revised Statutes, is amended by adding a new section to part I to be appropriately designated and to read as follows:

"**§269- Microgrids.** (a) By July 1, 2018, the public utilities commission shall open a proceeding to establish a microgrid services tariff.

(b) Any person or entity may own or operate an eligible microgrid project or projects; provided that the person or entity complies with all applicable statutes, rules, tariffs, and orders governing the ownership and interconnection of the project or projects.

(c) As used in this section:

"Microgrid project" means a group of interconnected loads and distributed energy resources within clearly defined electrical boundaries that acts as a single controllable entity

with respect to the utility's electrical grid and can connect to a public utility's electrical grid to operate in grid-connected mode and can disconnect from the grid to operate in island mode, and that:

(1) Is subject to a microgrid services tariff; and

(2) Generates or produces energy.

"Microgrid services tariff" means a tariff approved by the public utilities commission that:

(1) Is designed to provide fair compensation for electricity, electric grid services, and other benefits provided to, or by, the electric utility, the person or entity operating the microgrid, and other ratepayers;

(2) To the extent possible, standardizes and streamlines the related interconnection processes for microgrid projects; and

(3) Does not apply to a municipal utility cooperative."

SECTION 3. In establishing a microgrid services tariff, the public utilities commission shall consider the actions taken to establish and deploy microgrids in other jurisdictions, including the actions taken by Puerto Rico following the 2017

Atlantic hurricane season, and the prescriptive steps the State can take to address potential similar local disasters in the future.

SECTION 4. The natural energy laboratory of Hawaii authority is recognized as having the potential to operate a microgrid and may be designated as the first microgrid demonstration project after the establishment of the microgrid services tariff described in section 2.

SECTION 5. New statutory material is underscored.

SECTION 6. This Act shall take effect on July 1, 2018.

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Report Title:
Energy Resiliency; Microgrid Services Tariff

Description:
Directs the Public Utilities Commission to establish a microgrid services tariff to encourage and facilitate the development and use of energy resilient microgrids. Takes effect on 7/1/2018. (SD2)

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