

JAN 22 2021

A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

1 SECTION 1. The legislature finds that Act 97, Session Laws
2 of Hawaii 2015, established a renewable portfolio standards
3 target of one hundred per cent renewable electric energy by
4 2045. The legislature also enacted Act 15, Session Laws of
5 Hawaii 2018, into law, establishing a statewide zero emissions
6 clean economy target to sequester more atmospheric carbon and
7 greenhouse gases than emitted within the State as quickly as
8 practicable, but no later than 2045.

9 In order to move the State closer to its carbon negative
10 target as soon as possible, which is needed to mitigate the
11 damaging effects of projected sea level rise due to greenhouse
12 gas emissions, the legislature finds that continual progress and
13 the timely approval, commencement of construction, and
14 completion of renewable energy projects is of paramount
15 importance.

16 The legislature also finds that Act 23, Session Laws of
17 Hawaii 2020, prohibited the further use of coal in Hawaii for



1 electricity production to advance these goals. While the
2 legislature supports the scheduled retirement of the largest
3 single source, lowest cost energy on Oahu, and last coal power
4 plant in the State, the legislature also understands that the
5 reliability of the electric grid is now in jeopardy unless more
6 renewable energy projects capable of replacing the total energy
7 lost by the coal power plant can be delivered into the system
8 prior to the coal power plant's retirement.

9 The legislature further finds that renewable energy
10 projects take multiple years to develop. In June 2016, Hawaiian
11 Electric Co., Inc. (HECO) requested that the public utilities
12 commission open a docket to review approval requests relating to
13 HECO's plan to acquire new renewable generation on the islands
14 of Oahu, Hawaii, Maui, Molokai, and Lanai. In February 2018,
15 the public utilities commission approved HECO's request for
16 proposal phase 1. This was followed by bids selected and power
17 purchase agreements for the first seven of eight projects that
18 were submitted by HECO to the public utilities commission for
19 approval in December 2018, with the eighth project submitted in
20 February 2019. While seven of these eight projects were
21 approved by the public utilities commission in approximately



1 three months, it took approximately twenty-one months to approve
2 one of these projects.

3 In addition, HECO did not submit the interconnection
4 transmission line requests for approval until some eighteen to
5 twenty-one months later for five of the projects; has still yet
6 to submit requests for approval for two projects as of January
7 2021; and indicated for the first time in September 2020 that
8 one project did not require an interconnection transmission
9 line.

10 In addition, although the first of the interconnection
11 transmission line requests for approval was filed with the
12 public utilities commission in August 2020, five months have
13 passed and the request has not been approved. Renewable project
14 developers must wait until their projects have received approval
15 from the public utilities commission for both the power purchase
16 agreement and the interconnection transmission line in order to
17 obtain financing or expend significant moneys to begin
18 construction of their respective projects. Accordingly, any
19 delays in receiving both approvals from the public utility
20 commission typically result in a delay in the start of
21 construction of the renewable energy project.



1 The following table illustrates the ongoing interconnection
 2 delays.

RFP 1 PUC Docket Transmission Line Approval Timelines					
Docket No.	Project Name	PPA Application Date	PPA Approval Date	Transmission Line Approval Request Date	Transmission Line Approval Date
2018-0430	AES Waikoloa Solar	12/31/2018	3/25/2019	8/31/2020	Not yet approved (as of 1/5/2021).
2018-0431	Hoohana Solar 1	12/31/2018	3/25/2019	Not yet filed (as of 1/5/2021).	Not yet approved (as of 1/5/2021).
2018-0432	Hale Kuawehi Solar	12/31/2018	3/25/2019	9/4/2020	Not yet approved (as of 1/5/2021).
2018-0433	Paeahu Solar	12/31/2018	10/5/2020	10/29/2020	Not yet approved (as of 1/5/2021).
2018-0434	Mililani I Solar	12/31/2018	3/25/2019	Informed PUC Transmission Line not required. (9/18/2020)	Not applicable
2018-0435	Waiawa Solar Power	12/31/2018	3/25/2019	10/9/2020	Not yet approved (as of 1/5/2021).
2018-0436	AES Kuihelani Solar	12/31/2018	3/25/2019	Not yet filed (as of 1/5/2020)	Not yet approved (as of 1/5/2021).
2019-0050	AES West Oahu	2/28/2019	8/20/2019	9/8/2020	Not yet approved (as of 1/5/2021).

3
 4 In addition, three of HECO's request for proposal phase two
 5 projects have been approved in three and a half months, while
 6 eight projects are currently being reviewed by the public



1 utilities commission for approval and have procedural schedules
2 set by the public utilities commission indicating that decision-
3 making will go beyond six months, despite the majority of RFP
4 phase one projects only requiring approximately three months for
5 a decision to be made.

6 The legislature finds that there have been significant
7 delays for HECO to complete its interconnection process so that
8 utility-scale renewable energy projects know how they may
9 interconnect with HECO's electric grid, and at what cost, before
10 beginning construction. In addition, the extended timing for
11 the public utilities commission's review and approval of certain
12 project power purchase agreements and interconnection line
13 requests has likewise delayed the financing and start of
14 construction for renewable energy projects.

15 The Hawaii natural energy institute informed the public
16 utilities commission in December 2020, that timely completion of
17 these projects are critical to mitigate grid reliability issues
18 caused by the retirement of the Oahu coal plant in September
19 2022. Specifically, the Hawaii natural energy institute stated
20 that "[b]ased on projected timelines for Stage 1, sufficient
21 solar + storage to provide full replacement will not likely be



1 in place at time of AES [coal plant] retirement - making timing
2 of standalone battery critical."

3 Accordingly, if certain HECO request for proposal phase one
4 and two projects are not completed and do not deliver sufficient
5 renewable energy to replace the energy from Oahu coal plant
6 prior to September 2022, the use of additional fossil fuel
7 generation from HECO's plants (at a substantially higher cost
8 than the cost of energy from the coal plant) may be needed to
9 maintain grid reliability at an increased cost to Oahu
10 ratepayers.

11 The legislature finds that facilitating the timing of the
12 public utilities commission's review and HECO's interconnection
13 will not only help bring utility-scale renewable energy projects
14 online sooner. It will also:

- 15 (1) Decrease electricity rates for consumers by providing
16 project developers with added certainty regarding
17 timing, which helps to lower bid pricing;
- 18 (2) Help achieve the State's RPS goals in a timely manner;
19 and
- 20 (3) Help reduce greenhouse gas emissions earlier in order
21 to mitigate climate change.



1 The legislature has previously established time limits for
2 state and county agencies by which they must issue decisions in
3 certain types of matters. For example, to facilitate timely
4 broadband deployment, counties are required to approve, approve
5 with modification, or disapprove all applications for broadband-
6 related permits within sixty days of submission of a complete
7 permit application and full payment of any applicable fee,
8 otherwise the application is deemed approved by the county
9 pursuant to section 46-89(a), Hawaii Revised Statutes. In
10 addition, under the State Procurement Code, hearings officers
11 must issue a written decision on procurement matters no later
12 than forty-five days from the receipt of a request from a party
13 for administrative review pursuant to section 103D-709(b),
14 Hawaii Revised Statutes.

15 The legislature also enacted section 269-16(d), Hawaii
16 Revised Statutes, to provide for public utilities commission's
17 decisions on rate cases within nine months. For rate cases, the
18 public utilities commission is required to make every effort to
19 complete its deliberations and issue its decision as
20 expeditiously as possible and before nine months from the date
21 the public utility filed its completed application.



1 The legislature finds that State revenues have been greatly
2 reduced due to the coronavirus disease 2019 pandemic, and
3 accordingly, the state departments need to implement more
4 efficient ways to streamline government processing and review of
5 proposed renewable energy projects.

6 The purpose of this Act is to facilitate the timely
7 approval of renewable energy matters.

8 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
9 amended by adding two new sections to be appropriately
10 designated and to read as follows:

11 "§269- Public utilities commission decision-making for
12 renewable energy matters. Beginning July 1, 2021, the public
13 utilities commission shall approve, approve with conditions, or
14 deny matters for proposed renewable energy power purchase
15 agreement applications filed with the commission within one
16 hundred and eighty days of the filing. In carrying out this
17 mandate, the commission shall set and enforce a procedural
18 schedule that allows the commission to meet the one hundred and
19 eighty day period. If the application is not approved, approved
20 with modification, or disapproved by the commission within one
21 hundred and eighty days, the matter shall be deemed approved by



1 the commission. If a decision is not made within the one
2 hundred and eighty day period, the commission shall report the
3 reasons therefor to the legislature and the governor in writing
4 within thirty days after the expiration of the one hundred and
5 eighty day period.

6 §269- Electric public utility completion of
7 interconnection process. (a) The public utilities commission
8 shall require electric public utilities to complete the
9 interconnection design, reach agreement with the renewable
10 energy project developer, and file a request for interconnection
11 or transmission line approval (if required) with the commission
12 as soon as practicable, but no later than two hundred and
13 seventy days after the renewable energy project power purchase
14 agreement is filed with the commission for review and approval.

15 If the electric public utility is unable to complete the
16 interconnection design, reach agreement with the renewable
17 energy project developer, and file a request for interconnection
18 or transmission line approval, if required, with the commission
19 within the two hundred and seventy day period, the electric
20 public utility shall report in writing the reasons therefor to



1 the commission within ten calendar days after the expiration of
2 the two hundred and seventy day period.

3 If the electric public utility fails to meet these
4 requirements within the two hundred and seventy day period, the
5 utility shall forfeit and return all moneys or other financial
6 incentives it has received as part of any performance incentive
7 mechanism program or similar incentive-based award recognized by
8 the commission in connection with the renewable energy project.
9 The commission shall report to the legislature and the governor
10 the failure to meet the timing under this subsection by any
11 electric public utility within thirty days after first being
12 notified of such failure.

13 (b) Upon the filing of a request for interconnection or
14 transmission line approval by an electric public utility under
15 subsection (a), the commission shall either approve or
16 disapprove such request within one hundred and twenty days of
17 the filing of the request. If the request for interconnection
18 or transmission line approval is not approved, approved with
19 modification, or disapproved by the commission within one
20 hundred and twenty days, the matter shall be deemed approved by
21 the commission notwithstanding any other law to the contrary.



1 If a decision is not made within the one hundred and twenty day
2 period, the commission shall report the reasons therefor to the
3 legislature and the governor in writing within thirty days after
4 the expiration of the one hundred and twenty day period.

5 (c) This section shall only apply to utility-scale
6 renewable energy projects that are five megawatts in total
7 output capacity or larger and require interconnection or
8 transmission line approval by the public utilities commission.

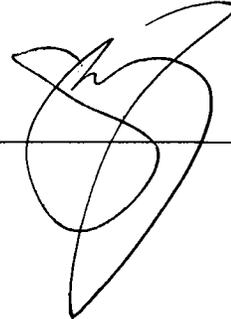
9 (d) This section shall not apply to a member-owned
10 cooperative electric utility."

11 SECTION 3. New statutory material is underscored.

12 SECTION 4. This Act shall take effect upon its approval.

13

INTRODUCED BY: _____

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S.B. NO. 929

Report Title:

Renewable Energy; Public Utilities Commission; Electric Public Utilities

Description:

Provides for timely review by the public utilities commission in its decision-making process regarding proposed renewable energy projects. Requires timely completion of the interconnection process by electric public utilities.

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

