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# 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 accelerating the  
2 development of renewable energy to reduce greenhouse gases is a  
3 high priority. The legislature has enacted numerous acts to  
4 achieve this objective, including:

5           (1) Act 97, Session Laws of Hawaii 2015, which established  
6 a Renewable Portfolio Standards target of one hundred  
7 per cent renewable electric energy by 2045;

8           (2) Act 15, Session Laws of Hawaii 2018, which established  
9 a statewide zero emissions clean economy target to  
10 sequester more atmospheric carbon and greenhouse gases  
11 than emitted within the State as quickly as  
12 practicable, but no later than 2045; and

13           (3) Act 23, Session Laws of Hawaii 2020, which prohibited  
14 the further use of coal in Hawaii for electricity  
15 production to advance these goals.

16           Accordingly, the legislature finds that the development and  
17 completion of renewable energy is also a high priority.



1           The public utilities commission (PUC) has expressed  
2 concerns regarding the significant delay in the interconnection  
3 process related to the Hawaiian Electric Company's (HECO) bid  
4 solicitation for utility-scale renewable energy, Request for  
5 Procurement (RFP) Phase 1. Efforts will need to be made to  
6 avoid similar delays in RFP Phase 2. For example, in a  
7 November 13, 2020, letter issued to the Service Lists in Docket  
8 Nos. 2015-0389 (Community Based Renewable Energy), 2017-0352  
9 (HECO's RFP Phases 1 and 2), and 2018-0165 (Integrated Grid  
10 Planning), the PUC stated that it "is markedly concerned that  
11 Hawaiian Electric's interconnection processes and policies are  
12 increasing development costs and extending renewable project  
13 timelines."

14           In addition, in Docket No. 2018-0088 (Performance Based  
15 Regulation), the PUC issued Order No. 37507 on December 23,  
16 2020, indicating that it was concerned about interconnection  
17 delays and implemented a Performance Incentive Mechanism to  
18 encourage HECO to accelerate the interconnection process. The  
19 order also stated that "the scheduled retirement of the AES  
20 power plant in 2022, as well as [HECO's] proposal to delay  
21 interconnecting several renewable energy and storage projects



1 recently approved by the [PUC], underscores the need for  
2 expeditiously securing alternative sources of grid services to  
3 ensure that system needs are met."

4 In RFP Phase 1, the power purchase agreement applications  
5 for the first seven of eight renewable energy projects were  
6 submitted by HECO to the PUC for the approval in December 2018,  
7 and the eighth was submitted in February 2019. However, HECO  
8 did not submit the interconnection transmission line requests  
9 for approval until some eighteen and twenty-one months later for  
10 five of the projects. As of January 2021, HECO has still not  
11 submitted requests for approval for two projects. In September  
12 2020, HECO indicated for the first time that one project did not  
13 require an interconnection transmission line.

14 The legislature finds that there have been significant  
15 delays for HECO to complete its interconnection process so that  
16 utility-scale renewable energy projects know how it may  
17 interconnect with HECO's electric grid and begin construction.

18 The legislature finds that facilitating the timing of  
19 interconnection will not only help to bring utility-scale  
20 renewable energy projects online sooner, but will also:



- 1           (1) Decrease electricity rates for consumers by providing
- 2                   project developers added certainty regarding timing to
- 3                   lower bid pricing;
- 4           (2) Help to achieve the State's renewable portfolio
- 5                   standard goals in a timely manner; and
- 6           (3) Help to reduce greenhouse gas emissions earlier to
- 7                   mitigate climate change.

8           The purpose of this Act is to facilitate the timely  
9 interconnection of utility-scale renewable energy projects.

10           SECTION 2. Section 269-142, Hawaii Revised Statutes, is  
11 amended by amending subsections (a) and (b) to read as follows:

12           "(a) The commission [~~may~~] shall adopt, by rule or order,  
13 reliability standards and interconnection requirements.  
14 Reliability standards and interconnection requirements adopted  
15 by the commission shall apply to any electric utility and any  
16 user, owner, or operator of the Hawaii electric system. The  
17 commission shall not contract for the performance of the  
18 functions under this subsection to any other entity as provided  
19 under section 269-147.

20           (b) The commission [~~may~~] shall develop reliability  
21 standards and interconnection requirements as it determines



1 necessary or upon recommendation from any entity, including an  
2 entity contracted by the commission to serve as the Hawaii  
3 electricity reliability administrator provided for under this  
4 part, for the continuing reliable design and operation of the  
5 Hawaii electric system. Any reliability standard or  
6 interconnection requirement developed by the commission shall be  
7 adopted by the commission in accordance with subsection (a) [~~in~~  
8 ~~order~~] to be effective. The commission shall not contract for  
9 the performance of the functions under this subsection to any  
10 other entity as provided under section 269-147."

11 SECTION 3. Section 269-145, Hawaii Revised Statutes, is  
12 amended to read as follows:

13 "[~~§~~269-145~~]~~ **Grid access; procedures for**  
14 **interconnection; dispute resolution.** (a) Each user, owner, or  
15 operator of the Hawaii electric system, or any other person,  
16 business, or entity seeking to make an interconnection on the  
17 Hawaii electric system shall do so in accordance with procedures  
18 to be established by the commission by rule or order.

19 (b) The interconnection procedures established by the  
20 commission shall require electric public utilities to:

21 (1) Complete the interconnection design;



1       (2) Reach agreement with the renewable energy project  
2           developer; and  
3       (3) File a request for interconnection or line extension  
4           approval, if required,  
5 with the commission as soon as practicable, but no later than  
6 two hundred seventy days after the renewable energy project  
7 power purchase agreement is filed with the commission for review  
8 and approval; provided that the electric public utility shall  
9 submit interim reports to the commission on the status of  
10 complying with the requirements of this subsection both ninety  
11 days and one hundred eighty days after the renewable energy  
12 project power purchase agreement is filed with the commission  
13 for review and approval; provided further that if the electric  
14 public utility is unable to comply with the requirements of this  
15 subsection, the electric public utility shall report in writing  
16 the reasons therefore to the commission within ten calendar days  
17 after the expiration of the two hundred seventy-day period.

18       If the electric public utility fails to meet the  
19 requirements within the two hundred seventy-day period, the  
20 electric public utility shall forfeit and return all monies or  
21 other financial incentives it has received as part of any



1 performance incentive mechanism program or similar incentive-  
2 based award recognized by the commission in connection with the  
3 renewable energy project. The commission shall report to the  
4 legislature and the governor the failure to meet the timing  
5 under this subsection by any electric public utility within  
6 thirty days after first being notified of such failure.

7 Upon the filing of a request for interconnection or line  
8 extension approval by an electric public utility under this  
9 subsection, the commission shall either approve or disapprove  
10 the request within one hundred twenty days of the filing of the  
11 request.

12 This subsection shall only apply to utility-scale renewable  
13 energy projects that are five megawatts in total output capacity  
14 or larger.

15 [~~b~~] (c) The commission shall have the authority to make  
16 final determinations regarding any dispute between any user,  
17 owner, or operator of the Hawaii electric system, or any other  
18 person, business, or entity connecting to the Hawaii electric  
19 system, concerning either an existing interconnection on the  
20 Hawaii electric system or an interconnection to the Hawaii



1 electric system created under the processes established by the  
2 commission under this section."

3 SECTION 4. Section 269-146, Hawaii Revised Statutes, is  
4 amended by amending subsection (a) to read as follows:

5 "(a) The commission [~~may~~] shall require, by rule or order,  
6 that all utilities, persons, businesses, or entities connecting  
7 to the Hawaii electric system, or any other user, owner, or  
8 operator of any electric element that is a part of an  
9 interconnection on the Hawaii electric system shall pay a  
10 surcharge that shall be collected by Hawaii's electric  
11 utilities. The commission shall not contract or otherwise  
12 delegate the ability to create the Hawaii electricity  
13 reliability surcharge under this section to any other entity.  
14 This surcharge amount shall be known as the Hawaii electricity  
15 reliability surcharge."

16 SECTION 5. Section 269-147, Hawaii Revised Statutes, is  
17 amended by amending subsection (a) to read as follows:

18 "(a) The commission [~~may~~] shall contract for the  
19 performance of its functions under this part with a person,  
20 business, or organization, except for a public utility as  
21 defined under this chapter, that will serve as the Hawaii





1 electricity reliability administrator provided for under this  
2 part; provided that the commission shall not contract for the  
3 performance of its functions under sections 269-142(a) and (b)  
4 and 269-146."

5 SECTION 6. Section 269-149, Hawaii Revised Statutes, is  
6 amended to read as follows:

7 "[-]§269-149[+] **Funding; reporting.** (a) The Hawaii  
8 electricity reliability administrator shall use funds collected  
9 through the Hawaii electricity reliability surcharge provided  
10 for under section 269-146 to carry out its operations, including  
11 administrative, technological, or other related requirements for  
12 effectively ensuring the reliability of the Hawaii electric  
13 system.

14 (b) The Hawaii electricity reliability administrator shall  
15 report to the commission each year on the date of agreement  
16 under section 269-147 following the original contracting between  
17 the Hawaii electricity reliability administrator and the  
18 commission on the status of its operations, financial position,  
19 and a projected operational budget for the fiscal year following  
20 the date of the report.



1 (c) The Hawaii electricity reliability administrator shall  
2 be subject to regulation by the commission under any provision  
3 applicable to a public utility in sections 269-7, 269-8,  
4 269-8.2, 269-8.5, 269-9, 269-10, 269-13, 269-15, 269-19.5, and  
5 269-28. Notwithstanding any other provision of law to the  
6 contrary, the Hawaii electricity reliability administrator shall  
7 not be an electric public utility or an electric public utility  
8 affiliate.

9 (d) Within thirty days of receipt of the report provided  
10 by the Hawaii electric reliability administrator to the  
11 commission under this section, the commission shall submit the  
12 report to the legislature along with the commission's assessment  
13 of the status and progress of the Hawaii electric reliability  
14 administrator in achieving and accomplishing the objectives of  
15 this part."

16 SECTION 7. Statutory material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

18 SECTION 8. This Act shall take effect upon its approval.



**Report Title:**

Renewable Energy; Transmission Lines; Timely Interconnection

**Description:**

Facilitates the timely interconnection and transmission lines for renewable energy projects. (SD1)

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

