

JAN 21 2022

S.B. NO. 2474

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 energy portfolio standards target of one
7 hundred 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 throughout the State more atmospheric carbon
11 and greenhouse gases than emitted, 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.

16 The legislature believes that the development and completion of
17 renewable energy is also a high priority.



1 The legislature recognizes that in November 2020, the
2 public utilities commission issued a letter to the parties in
3 docket numbers 2015-0389, 2017-0352, and 2018-0165, stating that
4 it "is markedly concerned that Hawaiian Electric [Company]'s
5 interconnection processes and policies are increasing
6 development costs and extending renewable project timelines."

7 In addition, in docket number 2018-0088 (Performance Based
8 Regulation), the public utilities commission issued order
9 number 37507 on December 23, 2020, indicating that the
10 commission was concerned about interconnection delays and will
11 implement a performance incentive mechanism to encourage
12 Hawaiian Electric Company to accelerate the interconnection
13 process. Order number 37507 also stated that "the scheduled
14 retirement of the AES Power Plant in 2022, as well as [Hawaiian
15 Electric Company, Inc.; Hawaii Electric Light Company, Inc.; and
16 Maui Electric Company, Limited's] proposal to delay
17 interconnecting several renewable energy and storage projects
18 recently approved by the commission, underscores the need for
19 expeditiously securing alternative sources of grid services to
20 ensure that system needs are met."



1 The legislature notes that during procurement phase 1, all
2 eight projects had delayed commercial operations dates relative
3 to the commercial operations dates provided in each project's
4 power purchase agreement. During procurement phase 2, eight of
5 the eleven projects had delayed commercial operations dates
6 relative to the commercial operations dates provided in each
7 project's power purchase agreement. The public utilities
8 commission has opened a docket, docket number 2021-0024, to
9 review Hawaiian Electric Company's interconnection process and
10 transition plans for retirement of fossil fuel plants. The
11 legislature also believes that these delays, coupled with the
12 retiring of the AES Coal Plant, may cause grid reliability
13 issues.

14 The legislature further finds that there have been
15 significant delays for Hawaiian Electric Company to complete its
16 interconnection process, making it difficult to plan for the
17 design and construction of utility-scale renewable energy
18 projects that require interconnection with Hawaiian Electric
19 Company's electric grid.

20 The legislature finds that facilitating the timing of
21 interconnection will:



- 1 (1) Help to bring utility-scale renewable energy projects
2 online sooner;
- 3 (2) Decrease electricity rates for consumers by providing
4 project developers with added certainty regarding
5 project timelines to lower bid pricing;
- 6 (3) Help to achieve the State's renewable portfolio
7 standard goals in a timely manner; and
- 8 (4) Help to reduce greenhouse gas emissions and mitigate
9 the effects of climate change sooner.

10 Accordingly, the purpose of this Act is to facilitate the
11 timely interconnection of utility-scale renewable energy
12 projects.

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

15 "(a) The commission [~~may~~] shall adopt, by rule or order,
16 reliability standards and interconnection requirements.
17 Reliability standards and interconnection requirements adopted
18 by the commission shall apply to any electric utility and any
19 user, owner, or operator of the Hawaii electric system. The
20 commission shall not contract for the performance of the



1 functions under this subsection to any other entity as provided
2 under section 269-147.

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

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

17 "[~~§~~269-145~~§~~] **Grid access; procedures for**
18 **interconnection; dispute resolution.** (a) Each user, owner, or
19 operator of the Hawaii electric system, or any other person,
20 business, or entity seeking to make an interconnection on the



1 Hawaii electric system shall do so in accordance with procedures
2 to be established by the commission by rule or order.

3 (b) The commission shall establish interconnection
4 procedures as follows:

5 (1) The commission shall include in any interconnection
6 procedures established pursuant to this section,
7 requirements that the electric public utilities:

8 (A) Complete the interconnection design;

9 (B) Reach agreement with the renewable energy project
10 developer;

11 (C) File a request with the commission for
12 interconnection or line extension approval, if
13 required;

14 (D) Shall meet these requirements as soon as
15 practicable, but no later than two hundred
16 seventy days after the renewable energy project
17 power purchase agreement is filed with the
18 commission for review and approval; and

19 (E) Shall submit interim reports to the commission on
20 the status of the electric public utility's
21 efforts to comply with the requirements of this



1 subsection both ninety days and one hundred
2 eighty days after the renewable energy project
3 power purchase agreement is filed with the
4 commission for review and approval;

5 (2) If the electric public utility is unable to comply
6 with the requirements of this subsection, the electric
7 public utility shall report, in writing, the reasons
8 for noncompliance to the commission within ten
9 calendar days after the expiration of the two hundred
10 seventy-day period;

11 (3) If the electric public utility fails to meet the
12 requirements established by the commission pursuant to
13 this subsection within the two hundred seventy-day
14 period, the electric public utility shall forfeit and
15 return all moneys or other financial incentives that
16 the electric public utility has received as part of
17 any performance incentive mechanism program or similar
18 incentive-based award recognized by the commission in
19 connection with the renewable energy project;

20 (4) The commission shall submit a report to the governor
21 and legislature regarding any failure to meet the



1 timing under this subsection by any electric public
2 utility within thirty days of the commission receiving
3 notice of this failure; and

4 (5) Upon the filing of a request for interconnection or
5 line extension approval by an electric public utility
6 under this subsection, the commission shall either
7 approve or disapprove the request within one hundred
8 twenty days of the filing of the request;
9 provided that this subsection shall only apply to utility-scale
10 renewable energy projects that are five megawatts in total
11 output capacity or larger.

12 ~~[(b)]~~ (c) The commission shall have the authority to make
13 final determinations regarding any dispute between any user,
14 owner, or operator of the Hawaii electric system, or any other
15 person, business, or entity connecting to the Hawaii electric
16 system, concerning either an existing interconnection on the
17 Hawaii electric system or an interconnection to the Hawaii
18 electric system created under the processes established by the
19 commission under this section."

20 SECTION 4. Section 269-147, Hawaii Revised Statutes, is
21 amended by amending subsection (a) to read as follows:



1 "(a) The commission [~~may~~] shall contract for the
2 performance of its functions under this part with a person,
3 business, or organization, except for a public utility as
4 defined under this chapter, that will serve as the Hawaii
5 electricity reliability administrator provided for under this
6 part; provided that the commission shall not contract for the
7 performance of its functions under sections 269-142(a) and (b)
8 and 269-146."

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

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

18 (b) The Hawaii electricity reliability administrator shall
19 report to the commission each year on the date of agreement
20 under section 269-147 following the original contracting between
21 the Hawaii electricity reliability administrator and the



1 commission on the status of its operations, financial position,
2 and a projected operational budget for the fiscal year following
3 the date of the report.

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

12 (d) Within thirty days of receipt of the Hawaii electric
13 reliability administrator's report submitted to the commission
14 pursuant to this section, the commission shall submit to the
15 legislature the report and the commission's assessment of the
16 status and progress of the Hawaii electric reliability
17 administrator in achieving and accomplishing the objectives of
18 this part."

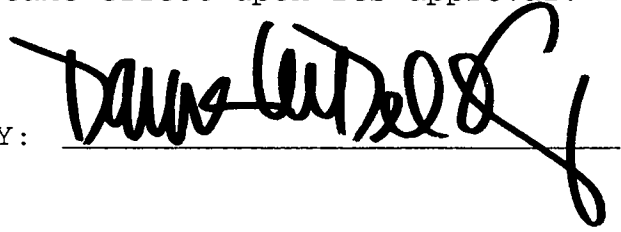
19 SECTION 6. Statutory material to be repealed is bracketed
20 and stricken. New statutory material is underscored.



1 SECTION 7. This Act shall take effect upon its approval.

2

INTRODUCED BY:

A handwritten signature in black ink, appearing to read "Dan Claitor", is written over a horizontal line. The signature is stylized and cursive.



S.B. NO. 2474

Report Title:

Renewable Energy; Interconnection

Description:

Establishes reliability standards and interconnection requirements of public electric utilities for renewable energy projects. Requires implementation of the Hawaii Electric Reliability Administrator Law.

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

