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# A BILL FOR AN ACT

RELATING TO ENERGY INTERCONNECTION.

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

1           SECTION 1. The legislature finds that Hawaii electric  
2 utilities currently invest in grid infrastructure based on the  
3 assumption that one hundred per cent of the estimated customer  
4 load from new home and commercial developments will be served by  
5 the electrical grid. Nonetheless, a significant portion of  
6 electrical demand from new developments will be addressed  
7 through onsite distributed energy resources, such as rooftop  
8 solar systems, or through energy efficiency and other similar  
9 measures. The failure to account for distributed energy  
10 resources or energy efficiency in utility planning around new  
11 developments may result in ratepayers paying for unnecessarily  
12 large capital expenditures to build unnecessary or underutilized  
13 grid infrastructure.

14           The legislature further finds that the failure to encourage  
15 planning and deployment of distributed energy resources and  
16 similar measures may miss a significant opportunity to advance  
17 clean energy goals and reduce greenhouse gas emissions at the



1 time of construction. This includes the opportunity to design  
2 and build more climate resilient homes and communities, and  
3 better leverage the ability of customer-sited distributed energy  
4 resources to provide grid and other services that reduce  
5 ratepayer costs. Encouraging appropriate planning would likely  
6 provide socio-economic and environmental benefits to all Hawaii  
7 residents and businesses, as well as reduce unnecessary utility  
8 spending that could result in higher electricity rates.

9       The legislature declares that it is the policy of this  
10 State that electric utilities must develop electricity load  
11 management plans that integrate and leverage the capabilities of  
12 distributed energy resources and energy efficiency to reduce the  
13 need for utility expenditures on distribution, transmission, and  
14 other utility infrastructure prior to interconnecting any new  
15 residential, commercial, or industrial development that requires  
16 the construction of utility infrastructure in excess of a  
17 threshold determined by the public utilities commission.

18       Accordingly, the purpose of this Act to direct the public  
19 utilities commission to adopt guidelines that require electric  
20 utilities to develop electricity load management plans that  
21 integrate and leverage the capabilities of distributed energy



1 resources and energy efficiency to reduce the need for utility  
2 expenditures on distribution, transmission, and other utility  
3 infrastructure before interconnecting any new residential,  
4 commercial, or industrial development that requires the  
5 construction of utility infrastructure in excess of a threshold  
6 determined by the commission.

7 SECTION 2. Section 269-142, Hawaii Revised Statutes, is  
8 amended to read as follows:

9 "~~§~~269-142~~§~~ **Reliability standards; interconnection**  
10 **requirements; adoption and development; force and effect.** (a)

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

19 (b) The commission may develop reliability standards and  
20 interconnection requirements as it determines necessary or upon  
21 recommendation from any entity, including an entity contracted



1 by the commission to serve as the Hawaii electricity reliability  
2 administrator provided for under this part, for the continuing  
3 reliable design and operation of the Hawaii electric system.

4 Any reliability standard or interconnection requirement  
5 developed by the commission shall be adopted by the commission  
6 in accordance with subsection (a) in order to be effective. The  
7 commission shall not contract for the performance of the  
8 functions under this subsection to any other entity as provided  
9 under section 269-147.

10 (c) The commission shall have jurisdiction over matters  
11 concerning interconnection requirements and interconnections  
12 located in the State between electric utilities, any user,  
13 owner, or operator of the Hawaii electric system, or any other  
14 person, business, or entity connecting to the Hawaii electric  
15 system or otherwise applying to connect generation or equipment  
16 providing ancillary services to, or operate generation and  
17 equipment providing ancillary services in parallel with the  
18 Hawaii electric system under processes established in accordance  
19 with section 269-145. Nothing in this subsection is intended to  
20 give the commission general supervision authority over any user,  
21 owner, or operator of the Hawaii electric system or any other



1 person, business, or entity that is not a public utility as  
2 defined in section 269-1.

3 (d) The commission shall adopt, by rule or order,  
4 guidelines applicable to interconnection applications for new  
5 developments that would trigger distribution, transmission, or  
6 other utility infrastructure upgrade costs in excess of a  
7 threshold determined by the commission. In adopting these  
8 guidelines, the commission shall:

9 (1) Require that electric utilities implement an approved  
10 load management plan before interconnecting any new  
11 residential, commercial, or industrial development  
12 that an interconnection study or other applicable  
13 study indicates the interconnection application would  
14 trigger distribution, transmission, or other utility  
15 infrastructure upgrade costs in excess of a threshold  
16 determined by the commission; and

17 (2) Establish requirements for the development of load  
18 management plans by an electric utility for any  
19 interconnection application that would trigger grid  
20 infrastructure upgrade costs in excess of a threshold



1 determined by the commission. The requirements shall  
2 include at a minimum:

3 (A) Directives for studying and integrating customer-  
4 sited distributed energy resources and energy  
5 efficiency into load management plans;

6 (B) Criteria to be used by the commission when  
7 approving or denying a proposed load management  
8 plan, including but not limited to the potential  
9 for the local management plan to defer or avoid  
10 infrastructure upgrade costs;

11 (C) A process for determining whether multiple  
12 interconnection applications should otherwise be  
13 deemed a single interconnection application for  
14 the purposes of this paragraph; and

15 (D) A maximum amount of time within which the  
16 interconnecting electric utility shall be  
17 required to submit a load management plan to the  
18 commission and the time within which the  
19 commission shall review and issue a determination  
20 for the load management plan.





# S.B. NO. 2584

**Report Title:**

Public Utilities Commission; Guidelines; Energy Utilities;  
Interconnection Applications; Load Management Plans

**Description:**

Directs the public utilities commission to adopt guidelines for interconnection applications that would trigger distribution, transmission, or other utility infrastructure upgrade costs in excess of a threshold determined by the commission.

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

