

STAND. COM. REP. NO.

1261

Honolulu, Hawaii

MAR 16

, 2023

RE: S.B. No. 839  
S.D. 2  
H.D. 1

Honorable Scott K. Saiki  
Speaker, House of Representatives  
Thirty-Second State Legislature  
Regular Session of 2023  
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred S.B. No. 839, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish the Hawaii Electricity Reliability Surcharge Special Fund and Subaccount;
- (2) Require the Public Utilities Commission to:
  - (A) Establish reliability standards and interconnection requirements for all electric utilities and all users, owners, or operators of the Hawaii Electric System and determine the responsible party to bear any costs associated with any reliability standards as interconnection requirements;
  - (B) Distinguish between interconnection facilities and utility network upgrades;

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- (C) Ensure that the cost of interconnection facilities is the responsibility of the interconnection customer;
  - (D) Ensure that the cost of utility network upgrades at and beyond the point of interconnection to the utility's transmission system is the sole responsibility of the utility transmission provider; and
  - (E) Submit a report and assessment of the Hawaii Electricity Reliability Administrator to the Legislature;
- (3) Establish a timeline and requirements for interconnection procedures to be established by the Public Utilities Commission for certain utility-scale renewable energy projects;
  - (4) Make the Public Utilities Commission's contracting for the Hawaii Electric Reliability Administrator mandatory rather than discretionary; and
  - (5) Beginning January 1, 2024, require the Hawaii Electricity Reliability Administrator Surcharge to be imposed on the bills of customers of investor-owned electric utility companies to cover the complete cost of the Hawaii Electricity Reliability Administrator and deposited into the Hawaii Electricity Reliability Surcharge Special Fund.

Your Committee received testimony in support of this measure from the Hawaii Clean Power Alliance. Your Committee received testimony in opposition to this measure from Life of the Land, Hawaiian Electric, Building Industry Association of Hawaii, and one individual. Your Committee received comments on this measure from the Department of Commerce and Consumer Affairs, Public Utilities Commission, Citizens' Caucus, Ulupono Initiative, and Hawaii Solar Energy Association.

Your Committee finds that the State is committed to the development of renewable energy to reduce greenhouse gas emissions in order to reach its renewable energy goals. Your Committee also finds that because the State does not regulate interconnection



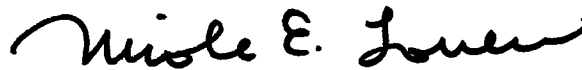
costs, ratepayers bear the full financial burden of interconnection costs and utility network upgrades through electricity rates. This measure will help to bring utility-scale renewable energy projects online sooner, decrease electricity rates for consumers, and help the State achieve its renewable portfolio standard goals.

Your Committee has amended this measure by:

- (1) Requiring the Public Utilities Commission to open an investigation into the cost of past project delays and determine, as deemed appropriate, whether and how the electric utility should be penalized and whether ratepayers should be compensated for high electric bills that could have been avoided if projects were timely;
- (2) Changing the effective date to June 30, 3000, to encourage further discussion; and
- (3) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 839, S.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 839, S.D. 2, H.D. 1, and be referred to your Committee on Consumer Protection & Commerce.

Respectfully submitted on  
behalf of the members of the  
Committee on Energy &  
Environmental Protection,



NICOLE E. LOWEN, Chair



Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: SB 839 SD2	Committee Referral: EEP, CPC, FIN	Date: 03/14/2023		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. LOWEN, Nicole E. (C)	✓			
2. COCHRAN, Elle (VC)	✓			
3. GATES, Cedric Asuega	✓			
4. KAHALOA, Kirstin	✓			
5. PERRUSO, Amy A.				✓
6. WOODSON, Justin H.	✓			
7. WARD, Gene			✓	
TOTAL (7)	5		1	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small>committee acronym(s)</small>				
Vice Chair's or designee's signature: <u>Elle Cochran</u>				
Distribution: Original (White) – Committee      Duplicate (Yellow) – Chief Clerk's Office      Duplicate (Pink) – HMSO				