
A BILL FOR AN ACT

RELATING TO ENERGY.

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

1 SECTION 1. The legislature finds that despite its goal to
2 achieve one hundred per cent renewable energy by 2045, the State
3 continues to depend heavily upon imported petroleum for its
4 energy needs and has the highest cost of energy in the nation
5 according to the May 2023 United States Energy Information
6 Administration's average residential sector retail electricity
7 price chart.

8 The legislature further finds that the production of clean,
9 local, affordable electricity may be encouraged if independent
10 generators of clean electricity can engage in retail wheeling.
11 Retail wheeling occurs when electric power is transmitted from
12 one independent generator of renewable energy to users of
13 renewable energy over the transmission lines of a third-party
14 electric public utility. Through retail wheeling, users of
15 renewable energy, including affordable housing developments, the
16 State, and the counties, could acquire clean electricity by
17 purchasing it from a clean electricity project developer, then



1 transmitting the clean electricity across utility lines owned
2 and maintained by a third-party electric public utility, while
3 fairly compensating the third-party utility for utilizing its
4 existing infrastructure. States across the nation have
5 recognized the value of wheeling and have accordingly authorized
6 it.

7 Therefore, the purpose of this Act is to authorize
8 independent generators of renewable energy to wheel the
9 renewable electricity they produce under policies and procedures
10 established by the public utilities commission, should the
11 public utilities commission determine that retail wheeling is in
12 the public interest.

13 SECTION 2. Chapter 269, Hawaii Revised Statutes, is
14 amended by adding a new section to be appropriately designated
15 and to read as follows:

16 **"§269- Retail wheeling; renewable energy; rules. (a)**
17 Independent renewable energy generators may engage in retail
18 wheeling of renewable electricity subject to subsection (b).

19 (b) No later than December 31, 2025, the public utilities
20 commission shall determine whether retail wheeling is in the
21 public interest through an investigatory docket process that



1 considers issues related to reliability and cost-effectiveness,
2 such as interconnection, availability of transmission and
3 distribution capacity, appropriate rates and rate design, back-
4 up power requirements, impacts on the utility and non-
5 participating ratepayers, and any other issues as determined by
6 the commission.

7 (c) If the public utilities commission determines retail
8 wheeling to be in the public interest, the commission shall
9 establish, by rule or order, policies and procedures to
10 implement retail wheeling, including any appropriate rate to
11 charge the renewable electricity project developer, independent
12 renewable energy generator, or user of renewable energy for
13 retail wheeling and any customer protection measures it deems
14 necessary.

15 (d) For the purposes of this section, "retail wheeling"
16 means the transmission of electric power from an independent
17 renewable energy generators' point of generation over
18 transmission lines, distribution lines, and other facilities of
19 a third-party electric public utility to the facilities of a
20 user of renewable energy."



1 SECTION 3. Section 269-1, Hawaii Revised Statutes, is
2 amended by amending the definition of "public utility" to read
3 as follows:

4 "Public utility":

5 (1) Includes every person who may own, control, operate,
6 or manage as owner, lessee, trustee, receiver, or
7 otherwise, whether under a franchise, charter,
8 license, articles of association, or otherwise, any
9 plant or equipment, or any part thereof, directly or
10 indirectly for public use for the transportation of
11 passengers or freight; for the conveyance or
12 transmission of telecommunications messages; for the
13 furnishing of facilities for the transmission of
14 intelligence by electricity within the State or
15 between points within the State by land, water, or
16 air; for the production, conveyance, transmission,
17 delivery, or furnishing of light, power, heat, cold,
18 water, gas, or oil; for the storage or warehousing of
19 goods; or for the disposal of sewage; provided that
20 the term shall include:



- 1 (A) An owner or operator of a private sewer company
- 2 or sewer facility; and
- 3 (B) A telecommunications carrier or
- 4 telecommunications common carrier; and
- 5 (2) Shall not include:
- 6 (A) An owner or operator of an aerial transportation
- 7 enterprise;
- 8 (B) An owner or operator of a taxicab as defined in
- 9 this section;
- 10 (C) Common carriers that transport only freight on
- 11 the public highways, unless operating within
- 12 localities, along routes, or between points that
- 13 the public utilities commission finds to be
- 14 inadequately serviced without regulation under
- 15 this chapter;
- 16 (D) Persons engaged in the business of warehousing or
- 17 storage unless the commission finds that
- 18 regulation is necessary in the public interest;
- 19 (E) A carrier by water to the extent that the carrier
- 20 enters into private contracts for towage,
- 21 salvage, hauling, or carriage between points



1 within the State; provided that the towing,
2 salvage, hauling, or carriage is not pursuant to
3 either an established schedule or an undertaking
4 to perform carriage services on behalf of the
5 public generally;

6 (F) A carrier by water, substantially engaged in
7 interstate or foreign commerce, that transports
8 passengers on luxury cruises between points
9 within the State or on luxury round-trip cruises
10 returning to the point of departure;

11 (G) Any user, owner, or operator of the Hawaii
12 electric system as defined under section 269-141;

13 (H) A telecommunications provider only to the extent
14 determined by the public utilities commission
15 pursuant to section 269-16.9;

16 (I) Any person who controls, operates, or manages
17 plants or facilities developed pursuant to
18 chapter 167 for conveying, distributing, and
19 transmitting water for irrigation and other
20 purposes for public use and purpose;



- 1 (J) Any person who owns, controls, operates, or
2 manages plants or facilities for the reclamation
3 of wastewater; provided that:
- 4 (i) The services of the facility are provided
5 pursuant to a service contract between the
6 person and a state or county agency and at
7 least ten per cent of the wastewater
8 processed is used directly by the state or
9 county agency that entered into the service
10 contract;
- 11 (ii) The primary function of the facility is the
12 processing of secondary treated wastewater
13 that has been produced by a municipal
14 wastewater treatment facility owned by a
15 state or county agency;
- 16 (iii) The facility does not make sales of water to
17 residential customers;
- 18 (iv) The facility may distribute and sell
19 recycled or reclaimed water to entities not
20 covered by a state or county service
21 contract; provided that, in the absence of



1 regulatory oversight and direct competition,
2 the distribution and sale of recycled or
3 reclaimed water shall be voluntary and its
4 pricing fair and reasonable. For purposes
5 of this subparagraph, "recycled water" and
6 "reclaimed water" means treated wastewater
7 that by design is intended or used for a
8 beneficial purpose; and
9 (v) The facility is not engaged, either directly
10 or indirectly, in the processing of food
11 wastes;
12 (K) Any person who owns, controls, operates, or
13 manages any seawater air conditioning district
14 cooling project; provided that at least fifty per
15 cent of the energy required for the seawater air
16 conditioning district cooling system is provided
17 by a renewable energy resource, such as cold,
18 deep seawater;
19 (L) Any person who owns, controls, operates, or
20 manages plants or facilities primarily used to



1 charge or discharge a vehicle battery that
2 provides power for vehicle propulsion;

3 (M) Any person who:

4 (i) Owns, controls, operates, or manages a
5 renewable energy system that is located on a
6 customer's property; and

7 (ii) Provides, sells, or transmits the power
8 generated from that renewable energy system
9 to an electric utility or to the customer on
10 whose property the renewable energy system
11 is located; provided that, for purposes of
12 this subparagraph, a customer's property
13 shall include all contiguous property owned
14 or leased by the customer without regard to
15 interruptions in contiguity caused by
16 easements, public thoroughfares,
17 transportation rights-of-way, and utility
18 rights-of-way; and

19 (N) Any person who owns, controls, operates, or
20 manages a renewable energy system that is located
21 on ~~such~~ the person's property and provides,



1 sells, or transmits the power generated from that
2 renewable energy system to an electric utility or
3 to lessees or tenants on the person's property
4 where the renewable energy system is located;
5 provided that:

6 (i) An interconnection, as defined in section
7 269-141, is maintained with an electric
8 public utility to preserve the lessees' or
9 tenants' ability to be served by an electric
10 utility;

11 (ii) [~~Such~~] The person does not use an electric
12 public utility's transmission or
13 distribution lines to provide, sell, or
14 transmit electricity to lessees or tenants;

15 (iii) At the time that the lease agreement is
16 signed, the rate charged to the lessee or
17 tenant for the power generated by the
18 renewable energy system shall be no greater
19 than the effective rate charged per kilowatt
20 hour from the applicable electric utility



1 schedule filed with the public utilities
2 commission;

3 (iv) The rate schedule or formula shall be
4 established for the duration of the lease,
5 and the lease agreement entered into by the
6 lessee or tenant shall reflect [~~such~~] the
7 rate schedule or formula;

8 (v) The lease agreement shall not abrogate any
9 terms or conditions of applicable tariffs
10 for termination of services for nonpayment
11 of electric utility services or rules
12 regarding health, safety, and welfare; and

13 (vi) The lease agreement shall disclose: (1) the
14 rate schedule or formula for the duration of
15 the lease agreement; (2) that, at the time
16 that the lease agreement is signed, the rate
17 charged to the lessee or tenant for the
18 power generated by the renewable energy
19 system shall be no greater than the
20 effective rate charged per kilowatt hour
21 from the applicable electric utility



1 schedule filed with the public utilities
2 commission; (3) that the lease agreement
3 shall not abrogate any terms or conditions
4 of applicable tariffs for termination of
5 services for nonpayment of electric utility
6 services or rules regarding health, safety,
7 and welfare; and (4) whether the lease is
8 contingent upon the purchase of electricity
9 from the renewable energy system; provided
10 further that any disputes concerning the
11 requirements of this provision shall be
12 resolved pursuant to the provisions of the
13 lease agreement or chapter 521, if
14 applicable[; and
15 ~~(vii) Nothing in this section shall be construed~~
16 ~~to permit wheeling].~~

17 If the application of this chapter is ordered by the
18 commission in any case provided in paragraph (2) (C), (D), (H),
19 and (I), the business of any public utility that presents
20 evidence of bona fide operation on the date of the commencement
21 of the proceedings resulting in the order shall be presumed to



1 be necessary to the public convenience and necessity, but any
2 certificate issued under this proviso shall nevertheless be
3 subject to terms and conditions as the public utilities
4 commission may prescribe, as provided in sections 269-16.9 and
5 269-20."

6 SECTION 4. The public utilities commission shall submit a
7 report of its findings and recommendations on retail wheeling
8 pursuant to section 2 of this Act to the legislature no later
9 than twenty days prior to the convening of the regular session
10 of 2026.

11 SECTION 5. Statutory material to be repealed is bracketed
12 and stricken. New statutory material is underscored.

13 SECTION 6. This Act shall take effect on July 1, 3000.



Report Title:

PUC; Retail Wheeling; Renewable Energy; Clean Electricity;
Report

Description:

Authorizes independent generators of renewable energy to wheel the renewable electricity they produce to users of renewable energy under policies and procedures established by the Public Utilities Commission, should the Public Utilities Commission determine through an investigatory docket that retail wheeling is in the public interest. Requires the Public Utilities Commission to report to the Legislature. Effective 7/1/3000.
(HD1)

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