HOUSE OF REPRESENTATIVES
THIRTY-THIRD LEGISLATURE, 2025
STATE OF HAWAII

H.B. NO. 790 H.D. 1

A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

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

SECTION 1. The legislature finds that Hawaii has committed to achieving a one hundred per cent renewable portfolio standard by December 31, 2045, pursuant to section 269-92, Hawaii Revised Statutes. The transition away from imported fossil fuels toward locally available renewable energy sources is critical for ensuring the State's energy independence, economic sustainability, and environmental resilience.

The legislature further finds that customer-sited distributed energy resources, such as rooftop solar and energy storage systems, are technologies essential to reaching the State's renewable energy goals. As of September 2024, Hawaiian Electric service territories achieved a renewable portfolio standard of 36.7 per cent, with nearly half of that progress attributable to customer-sited rooftop solar systems. Kauai Island Utility Cooperative achieved an even higher renewable portfolio standard of 57.9 per cent, with 23.2 per cent coming from rooftop solar installations.

Hawaii leads the nation in the integration of solar-plus-storage systems, with ninety-six per cent of all residential rooftop solar installation in the State now including energy storage. These distributed energy resources lower customer and grid electricity costs, provide energy resilience during outages, and support grid reliability by balancing supply and demand. Notably, programs like Hawaiian Electric's battery bonus program have demonstrated the potential of distributed energy resources to address critical capacity needs, enrolling forty megawatts of storage on Oahu and six megawatts on Maui to respond to energy adequacy and reliability emergencies.

The legislature acknowledges that Hawaii's electric grid is confronting significant challenges, including aging fossil-fuel-dependent infrastructure, heightened risks from climate-related extreme weather events, and persistent utility management issues. These challenges have been underscored by recent grid reliability emergencies on Oahu and Hawaii island, as well as the devastating 2023 Lahaina wildfires. Recognizing the urgent need for decisive action, it is crucial for the legislature to act promptly to secure a robust and resilient energy future.

The legislature finds that to ensure grid stability and system resilience, Hawaii must invest in distributed energy resource grid service programs and community-based or shared renewable energy programs. These solutions empower customers to take decisive action to meet their energy needs with low-cost, clean, and reliable energy while supporting broader grid stability and community resilience. Shared renewable energy systems enable localized energy generation and resilience, ensuring continuity of power during emergencies or outages.

To meet these challenges, Hawaii should target the deployment of fifty thousand new distributed energy resources by December 31, 2030, emphasizing systems that integrate solar and energy storage to maximize benefits for the grid and customers alike. Accelerated distributed energy resources adoption will provide critical support for grid stability, reduce reliance on imported fossil fuels, and ensure resilience in the face of emergencies and infrastructure failures.

Fair compensation mechanisms are also essential to incentivize the widespread adoption of distributed energy resources and maximize their value to customers and the grid. These mechanisms must include sufficiently valued crediting for

exported energy as a minimum customer protection and capacity and performance payments for the provision of grid services by distributed energy resources and virtual power plants. Such compensation ensures equitable returns on customer investments while enhancing grid reliability and resilience.

The purpose of this Act is to:

(1) Establish an installation goal for customer-sited distributed energy resources in the State; and

(2) Ensure that fair compensation is provided to distributed energy resources exports as part of grid service programs.

SECTION 2. Chapter 269, Hawaii Revised Statutes, is amended by adding two new sections to be appropriately designated and to read as follows:

"**§269-A Distributed energy resources installation goal.** (a) The public utilities commission shall establish a goal of installing fifty thousand new installations of customer-sited distributed energy resources in the State by December 31, 2030.

(b) The public utilities commission may use tariffs for grid services programs and community-based renewable energy with fair compensation to achieve the goal in subsection (a).

(c) Any tariffs or tariff amendments filed pursuant to this section shall:

(1) Include a rider for new and existing energy storage devices;

(2) Include provisions that allow aggregators to:

(A) Participate in grid service programs;

(B) Automatically enroll and manage their customers' participation;

(C) Receive dispatch signals and other communications from the electric utility;

(D) Deliver performance measurement and verification data to the electric utility; and

(E) Receive grid service program payments directly from the electric utility; and

(3) Provide for measurement and verification of energy storage device performance directly at the device without the requirement for the installation of an additional meter, and such other measurement standards for non-energy-storage and electric vehicle technologies for approval by the commission.

§269-B Fair compensation for solar and energy storage exports. (a) Notwithstanding any law to the contrary, energy exported to the electric grid past a participating customer-generator's point of common coupling from photovoltaic solar systems paired with energy storage as part of a grid service program shall be credited at a rate sufficient to encourage deployment of distributed energy resources in order to meet the goal established in section 269-A.

(b) The public utilities commission shall establish grid service compensation values that fairly compensate system owners for resiliency, capacity, and ancillary service value provided by their system."

SECTION 3. In codifying the new sections added by section 2 of this Act, the revisor of statutes shall substitute appropriate section numbers for the letters used in designating the new sections in this Act.

SECTION 4. New statutory material is underscored.

SECTION 5. This Act shall take effect on July 1, 3000.

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Report Title:
PUC; Renewable Energy; Customer-sited Distributed Energy Resources; Installation Goal

Description:
Establishes an installation goal for customer-sited distributed energy resources in the State. Ensures that fair compensation is provided to distributed energy resources exports as part of grid service programs. Effective 7/1/3000. (HD1)

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