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

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



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

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



1 The legislature also finds that to ensure grid stability
2 and system resilience, Hawaii must invest in distributed energy
3 resource grid service programs, microgrids, community-based or
4 shared renewable energy programs, and retail wheeling. These
5 solutions empower customers to take decisive action to meet
6 their energy needs with low-cost, clean, and reliable energy
7 while supporting broader grid stability and community
8 resilience. Microgrids and shared renewable energy systems
9 enable localized energy generation and resilience, ensuring
10 continuity of power during emergencies or outages. Retail
11 wheeling allows customers to purchase electricity from
12 competitive suppliers expeditiously, further promoting consumer
13 choice, cost savings, and energy independence.

14 To meet these challenges, Hawaii should encourage the
15 deployment of distributed energy resources, emphasizing systems
16 that integrate solar and energy storage to maximize benefits for
17 the grid and customers alike. Accelerated distributed energy
18 resources adoption will provide critical support for grid
19 stability, reduce reliance on imported fossil fuels, and ensure
20 resilience in the face of emergencies and infrastructure
21 failures.



1 Fair compensation mechanisms are also essential to
2 incentivize the widespread adoption of distributed energy
3 resources and maximize their value to customers and the grid.
4 These mechanisms must include sufficiently valued crediting for
5 exported energy as a minimum customer protection and capacity
6 and performance payments for the provision of grid services by
7 distributed energy resources and virtual power plants. Such
8 compensation ensures equitable returns on customer investments
9 while enhancing grid reliability and resilience.

10 The purpose of this Act is to:

- 11 (1) Establish an installation goal for customer-sited
12 distributed energy resources in the State;
- 13 (2) Authorize retail wheeling of renewable energy and
14 require the public utilities commission to establish
15 policies and procedures to implement retail wheeling
16 and microgrid service tariffs; and
- 17 (3) Ensure that compensation is provided to distributed
18 energy resources exports as part of grid service
19 programs.



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

4 **"§269-A Distributed energy resources installation goal.**

5 (a) The public utilities commission shall establish a goal of
6 installing fifty thousand new installations of customer-sited
7 distributed energy resources in the State by December 31, 2030.

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

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

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

15 (2) Include provisions that allow aggregators to:

16 (A) Participate in grid service programs;

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

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



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

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

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

11 **§269-B Tariffs; retail wheeling; requirements.** (a) The
12 public utilities commission shall use tariffs for grid services
13 programs, microgrids, community-based renewable energy, and
14 retail wheeling with fair compensation.

15 (b) Any tariffs or tariff amendments filed pursuant to
16 this section shall:

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

19 (2) Include provisions that allow aggregators to:

20 (A) Participate in grid service programs;



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

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

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

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

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

15 (c) This section shall not apply to a member-owned
16 cooperative electric utility.

17 **§269-C Compensation for solar and energy storage exports.**

18 (a) Notwithstanding any law to the contrary, energy exported to
19 the electric grid past a participating customer-generator's
20 point of common coupling from photovoltaic solar systems paired
21 with energy storage as part of a grid service program shall be



1 credited at a rate of electricity to be established by the
2 public utilities commission for the relevant time period. The
3 rate shall be sufficient to encourage deployment of customer-
4 sited distributed energy resources in order to meet the goal
5 established in section 269-A.

6 (b) The public utilities commission shall establish grid
7 service compensation values that compensate system owners for
8 resiliency, capacity, and ancillary service value provided by
9 their system. The compensation values shall be sufficient to
10 encourage participation in grid service programs.

11 (c) This section shall not apply to a member-owned
12 cooperative electric utility.

13 **§269-D Microgrids; public utility; exception.**

14 Notwithstanding any other law to the contrary, a person that
15 constructs, maintains, or operates a new microgrid shall not be
16 considered a public utility under section 269-1 solely as a
17 result of furnishing service through that new microgrid to
18 participating consumers. This section shall not apply to a
19 member-owned cooperative electric utility.



1 §269-E Retail wheeling; renewable energy; rules. (a)

2 Owners of renewable energy generation and storage systems may
3 engage in retail wheeling of renewable electricity.

4 (b) No later than _____, 2025, the public utilities
5 commission shall establish, by rule or order, policies and
6 procedures to implement retail wheeling and microgrid service
7 tariffs that include appropriate charges for retail wheeling
8 participants and any consumer protection measures the commission
9 deems necessary.

10 (c) This section shall not apply to a member-owned
11 cooperative electric utility."

12 SECTION 3. Section 269-1, Hawaii Revised Statutes, is
13 amended as follows:

14 1. By adding a new definition to be appropriately inserted
15 and to read:

16 "Retail wheeling" means the transmission of electric power
17 from a storage or energy generation system through the utility
18 meter for consumption by a separate utility account holder."

19 2. By amending the definition of "public utility" to read:

20 "Public utility":



- 1 (1) Includes every person who may own, control, operate,
2 or manage as owner, lessee, trustee, receiver, or
3 otherwise, whether under a franchise, charter,
4 license, articles of association, or otherwise, any
5 plant or equipment, or any part thereof, directly or
6 indirectly for public use for the transportation of
7 passengers or freight; for the conveyance or
8 transmission of telecommunications messages; for the
9 furnishing of facilities for the transmission of
10 intelligence by electricity within the State or
11 between points within the State by land, water, or
12 air; for the production, conveyance, transmission,
13 delivery, or furnishing of light, power, heat, cold,
14 water, gas, or oil; for the storage or warehousing of
15 goods; or for the disposal of sewage; provided that
16 the term shall include:
17 (A) An owner or operator of a private sewer company
18 or sewer facility; and
19 (B) A telecommunications carrier or
20 telecommunications common carrier; and
21 (2) Shall not include:



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



- 1 (F) A carrier by water, substantially engaged in
2 interstate or foreign commerce, that transports
3 passengers on luxury cruises between points
4 within the State or on luxury round-trip cruises
5 returning to the point of departure;
- 6 (G) Any user, owner, or operator of the Hawaii
7 electric system as defined under section 269-141;
- 8 (H) A telecommunications provider only to the extent
9 determined by the public utilities commission
10 pursuant to section 269-16.9;
- 11 (I) Any person who controls, operates, or manages
12 plants or facilities developed pursuant to
13 chapter 167 for conveying, distributing, and
14 transmitting water for irrigation and other
15 purposes for public use and purpose;
- 16 (J) Any person who owns, controls, operates, or
17 manages plants or facilities for the reclamation
18 of wastewater; provided that:
 - 19 (i) The services of the facility are provided
20 pursuant to a service contract between the
21 person and a state or county agency and at



1 least ten per cent of the wastewater
2 processed is used directly by the state or
3 county agency that entered into the service
4 contract;

5 (ii) The primary function of the facility is the
6 processing of secondary treated wastewater
7 that has been produced by a municipal
8 wastewater treatment facility owned by a
9 state or county agency;

10 (iii) The facility does not make sales of water to
11 residential customers;

12 (iv) The facility may distribute and sell
13 recycled or reclaimed water to entities not
14 covered by a state or county service
15 contract; provided that, in the absence of
16 regulatory oversight and direct competition,
17 the distribution and sale of recycled or
18 reclaimed water shall be voluntary and its
19 pricing fair and reasonable. For purposes
20 of this subparagraph, "recycled water" and
21 "reclaimed water" means treated wastewater



- 1 that by design is intended or used for a
2 beneficial purpose; and
- 3 (v) The facility is not engaged, either directly
4 or indirectly, in the processing of food
5 wastes;
- 6 (K) Any person who owns, controls, operates, or
7 manages any seawater air conditioning district
8 cooling project; provided that at least fifty per
9 cent of the energy required for the seawater air
10 conditioning district cooling system is provided
11 by a renewable energy resource, such as cold,
12 deep seawater;
- 13 (L) Any person who owns, controls, operates, or
14 manages plants or facilities primarily used to
15 charge or discharge a vehicle battery that
16 provides power for vehicle propulsion;
- 17 (M) Any person who:
18 (i) Owns, controls, operates, or manages a
19 renewable energy system that is located on a
20 customer's property; and



- 1 (ii) Provides, sells, or transmits the power
2 generated from that renewable energy system
3 to an electric utility or to the customer on
4 whose property the renewable energy system
5 is located; provided that, for purposes of
6 this subparagraph, a customer's property
7 shall include all contiguous property owned
8 or leased by the customer without regard to
9 interruptions in contiguity caused by
10 easements, public thoroughfares,
11 transportation rights-of-way, and utility
12 rights-of-way; and
- 13 (N) Any person who owns, controls, operates, or
14 manages a renewable energy system that is located
15 on [~~such~~] the person's property and provides,
16 sells, or transmits the power generated from that
17 renewable energy system to an electric utility or
18 to lessees or tenants on the person's property
19 where the renewable energy system is located;
20 provided that:



- 1 (i) An interconnection, as defined in section
2 269-141, is maintained with an electric
3 public utility to preserve the lessees' or
4 tenants' ability to be served by an electric
5 utility;
- 6 (ii) [~~Such~~] The person does not use an electric
7 public utility's transmission or
8 distribution lines to provide, sell, or
9 transmit electricity to lessees or tenants;
- 10 (iii) At the time that the lease agreement is
11 signed, the rate charged to the lessee or
12 tenant for the power generated by the
13 renewable energy system shall be no greater
14 than the effective rate charged per kilowatt
15 hour from the applicable electric utility
16 schedule filed with the public utilities
17 commission;
- 18 (iv) The rate schedule or formula shall be
19 established for the duration of the lease,
20 and the lease agreement entered into by the



1 lessee or tenant shall reflect [~~such~~] the
2 rate schedule or formula;
3 (v) The lease agreement shall not abrogate any
4 terms or conditions of applicable tariffs
5 for termination of services for nonpayment
6 of electric utility services or rules
7 regarding health, safety, and welfare; and
8 (vi) The lease agreement shall disclose: (1) the
9 rate schedule or formula for the duration of
10 the lease agreement; (2) that, at the time
11 that the lease agreement is signed, the rate
12 charged to the lessee or tenant for the
13 power generated by the renewable energy
14 system shall be no greater than the
15 effective rate charged per kilowatt hour
16 from the applicable electric utility
17 schedule filed with the public utilities
18 commission; (3) that the lease agreement
19 shall not abrogate any terms or conditions
20 of applicable tariffs for termination of
21 services for nonpayment of electric utility



1 services or rules regarding health, safety,
 2 and welfare; and (4) whether the lease is
 3 contingent upon the purchase of electricity
 4 from the renewable energy system; provided
 5 further that any disputes concerning the
 6 requirements of this provision shall be
 7 resolved pursuant to the provisions of the
 8 lease agreement or chapter 521, if
 9 applicable [~~;~~ and

10 ~~(vii) Nothing in this section shall be construed~~
 11 ~~to permit wheeling].~~

12 If the application of this chapter is ordered by the
 13 commission in any case provided in paragraph (2) (C), (D), (H),
 14 and (I), the business of any public utility that presents
 15 evidence of bona fide operation on the date of the commencement
 16 of the proceedings resulting in the order shall be presumed to
 17 be necessary to the public convenience and necessity, but any
 18 certificate issued under this proviso shall nevertheless be
 19 subject to terms and conditions as the public utilities
 20 commission may prescribe, as provided in sections 269-16.9 and
 21 269-20."



1 SECTION 4. In codifying the new sections added by section
2 2 of this Act, the revisor of statutes shall substitute
3 appropriate section numbers for the letters used in designating
4 the new sections in this Act.

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

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



Report Title:

PUC; Tariffs; Renewable Energy; Retail Wheeling; Customer-sited Distributed Energy Resources; Installation Goal

Description:

Establishes an installation goal for customer-sited distributed energy resources in the State. Authorizes retail wheeling of renewable energy and requires the Public Utilities Commission to establish policies and procedures to implement retail wheeling and microgrid service tariffs. Ensures that certain levels of compensation are provided for solar and energy storage exports from customer-sited distributed energy resources that are part of grid service programs. Effective 7/1/3000. (HD1)

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

