

Honolulu, Hawaii

FEB 07 2025

RE: S.B. No. 589
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirty-Third State Legislature
Regular Session of 2025
State of Hawaii

Sir:

Your Committees on Energy and Intergovernmental Affairs and
Commerce and Consumer Protection, to which was referred S.B.
No. 589 entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish a goal to install fifty thousand additional customer-sited distributed energy resources in the State by 2030;
- (2) Ensure that fair compensation is provided to distributed energy resources exports as part of grid service programs;
- (3) Authorize retail wheeling of renewable energy; and
- (4) Require the Public Utilities Commission to establish policies and procedures to implement retail wheeling and microgrid service tariffs.

Your Committees received testimony in support of this measure from Credence Projects LLC; Hawaii Solar Energy Association; Inter-Island Solar Supply; Pacific Panel Cleaners; Sol-Ark;



Alternate Energy, Inc.; Alternate Energy Hawaii; Mālama Solar; Green Power Projects LLC; and eight individuals.

Your Committees received testimony in opposition to this measure from Hawaiian Electric, IBEW Local 1260, and Kaua'i Island Utility Cooperative.

Your Committees received comments on this measure from the Department of Commerce and Consumer Affairs and Public Utilities Commission.

Your Committees find that the State's electric grid is confronting significant challenges, including aging fossil fuel-dependent infrastructure, heightened risks from extreme climate-related weather events, and persistent utility management issues. Your Committees further find that the State must invest in solutions, such as microgrids, community-based or shared renewable energy programs, and retail wheeling, to ensure grid stability and system resilience. This measure seeks to ensure the State can meet its energy needs with low-cost, clean, and reliable energy while supporting broader grid stability and community resilience.

According to testimony received by your Committees, because Hawaiian Electric has already set a goal to install fifty thousand new customer-sited distributed energy resource systems (i.e., rooftop solar systems) in the State by 2030, the establishment of the installation goal in this measure, in its current form, is duplicative and unnecessary.

Your Committees also find that fair compensation mechanisms are essential to encourage the export of customer-sited solar energy to the electric grid. Your Committees note the testimony raising equity concerns regarding the requirement that compensation for solar and energy exports be credited at the full retail rate, as full usage rates recover a range of costs beyond the cost of generating electricity. Your Committees also recognize that this measure encompasses all electric utilities in the State, including member-owned cooperative electric utilities where the customers are the owners, and therefore, the compensation mechanisms proposed in this measure may not be appropriate for member-owned cooperative structures. Amendments to this measure are therefore necessary to address these concerns.



Accordingly, your Committees have amended this measure by:

- (1) Deleting language that would have established an installation goal for fifty thousand new customer-sited distributed energy resources in the State by 2030;
- (2) Requiring the compensation for solar and energy exports to be credited at a rate to be established by the Public Utilities Commission rather than at the full retail rate;
- (3) Inserting language to exempt member-owned cooperative electric utilities from the provisions of this measure;
- (4) Amending section 1 to reflect its amended purpose;
- (5) Inserting an effective date of July 1, 2050, to encourage further discussion; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Energy and Intergovernmental Affairs and Commerce and Consumer Protection that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 589, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 589, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Energy and
Intergovernmental Affairs and
Commerce and Consumer
Protection,



ARRETT KEOHOKALOLE, Chair



GLENN WAKAI, Chair



