

JAN 17 2025

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 pursuant to Act 97,
2 Session Laws of Hawaii 2015, Hawaii has committed to achieving a
3 one hundred percent renewable portfolio standard by December 31,
4 2045. This 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 the transition to a
9 clean energy economy requires customer-friendly processes to
10 enable widespread adoption of distributed energy resources and
11 electrification technologies. Current interconnection and
12 utility service upgrade processes have led to delays, unexpected
13 costs, and increased customer dissatisfaction, hindering
14 progress toward achieving the State's clean energy goals. These
15 challenges also result in localized power quality issues and
16 power outages when customers increase loads without informing
17 the utility.



1 The legislature finds that establishing streamlined and
2 transparent interconnection processes will encourage consumer
3 adoption, enable proactive utility planning, and ensure
4 reliability and cost-effectiveness in the power system. The
5 integration of smart inverters and other customer-sited
6 technologies is critical to minimizing grid investments and
7 achieving a clean, sustainable energy future.

8 Accordingly, the purpose of this Act is to establish a
9 grid-ready home interconnection process that supports the rapid
10 adoption of clean energy technologies, facilitates smart utility
11 investments, and ensures power system reliability.

12 SECTION 2. Section 269-141, Hawaii Revised Statutes, is
13 amended by adding a new definition to be appropriately inserted
14 and to read as follows:

15 "Grid-ready home" means a residential property equipped or
16 modified to anticipate and streamline the integration of clean
17 electrification technologies such as electric vehicle chargers
18 and heat pumps, distributed energy resources such as
19 photovoltaic systems, batteries leveraging current national
20 standards for functionality such as UL 1741, and advanced grid
21 modernization technology."



1 SECTION 3. Section 269-142, Hawaii Revised Statutes, is
2 amended to read as follows:

3 "~~{}~~§269-142~~{}~~ Reliability standards; interconnection
4 requirements; adoption and development; force and effect. (a)

5 The commission may adopt, by rule or order, reliability
6 standards and interconnection requirements. Reliability
7 standards and interconnection requirements adopted by the
8 commission shall apply to any electric utility and any user,
9 owner, or operator of the Hawaii electric system. The
10 commission shall not contract for the performance of the
11 functions under this subsection to any other entity as provided
12 under section 269-147.

13 (b) The commission may develop reliability standards and
14 interconnection requirements as it determines necessary or upon
15 recommendation from any entity, including an entity contracted
16 by the commission to serve as the Hawaii electricity reliability
17 administrator provided for under this part, for the continuing
18 reliable design and operation of the Hawaii electric system.
19 Any reliability standard or interconnection requirement
20 developed by the commission shall be adopted by the commission
21 in accordance with subsection (a) in order to be effective. The



1 commission shall not contract for the performance of the
2 functions under this subsection to any other entity as provided
3 under section 269-147.

4 (c) The commission shall have jurisdiction over matters
5 concerning interconnection requirements and interconnections
6 located in the State between electric utilities, any user,
7 owner, or operator of the Hawaii electric system, or any other
8 person, business, or entity connecting to the Hawaii electric
9 system or otherwise applying to connect generation or equipment
10 providing ancillary services to, or operate generation and
11 equipment providing ancillary services in parallel with the
12 Hawaii electric system under processes established in accordance
13 with section 269-145. Nothing in this subsection is intended to
14 give the commission general supervision authority over any user,
15 owner, or operator of the Hawaii electric system or any other
16 person, business, or entity that is not a public utility as
17 defined in section 269-1.

18 (d) Within one hundred eighty days of the effective date
19 of this Act, the commission shall establish a streamlined grid-
20 ready home interconnection process for grid-tied renewable



1 energy generation and storage systems. The process shall
2 include:

3 (1) A streamlined notification and approval process for
4 customers seeking to install distributed energy
5 resources systems using UL 1741 or equivalent
6 certified functionality;

7 (2) A cost-sharing fee of \$350 to address service upgrades
8 where necessary, to be paid by the asset owner;

9 (3) Requirements obligating regulated electric utilities
10 to process notifications and grant interconnection to
11 grid-ready homes within two weeks for systems with
12 electrical permits for the grid-ready improvements
13 that have been approved by the appropriate authority;

14 (4) Provisions to allow distributed energy resources
15 operation with managed power export/import where
16 service upgrades are required; provided that the
17 upgrades shall be completed within three months
18 of _____ ; and

19 (5) Protocols for virtual commissioning and
20 interconnection agreement issuance within one week of
21 the submission of a commissioning packet."



SECTION 4. Section 269-145, Hawaii Revised Statutes, is amended to read as follows:

"[+]§269-145[+] Grid access; procedures for interconnection; dispute resolution. (a) Each user, owner, or operator of the Hawaii electric system, or any other person, business, or entity seeking to make an interconnection on the Hawaii electric system shall do so in accordance with procedures to be established by the commission by rule or order.

(b) The commission shall have the authority to make final determinations regarding any dispute between any user, owner, or operator of the Hawaii electric system, or any other person, business, or entity connecting to the Hawaii electric system, concerning either an existing interconnection on the Hawaii electric system or an interconnection to the Hawaii electric system created under the processes established by the commission under this section.

(c) In establishing a rule or order for the utility interconnection process for renewable energy and storage systems for grid-ready homes, the commission shall ensure the process:

(1) Allows licensed electricians to isolate electrical service at utility meters for meter panel replacement,



1 meter socket adapter installation, or main panel

2 upgrades; provided that access shall be subject to:

3 (A) Notification by the utility provider to the owner

4 of the grid-ready home of the planned service

5 disconnection on the morning of the planned

6 service disconnection;

7 (B) Confirmation of passed inspections by the

8 appropriate authority; and

9 (C) Confirmation of reconnection procedures; and

10 (2) Establishes a virtual commissioning process whereby

11 system installers may submit documentation confirming

12 compliance with filed settings and operational

13 requirements of the installed distributed energy

14 resources."

15 SECTION 5. Section 269-145.5, Hawaii Revised Statutes, is
16 amended to read as follows:

17 **"§269-145.5 Advanced grid modernization technology;**
18 **principles.** (a) The commission, in carrying out its
19 responsibilities under this chapter, shall consider the value of
20 improving electrical generation, transmission, and distribution
21 systems and infrastructure within the State through the use of



1 advanced grid modernization technology in order to improve the
2 overall reliability and operational efficiency of the Hawaii
3 electric system.

4 (b) In advancing the public interest, the commission shall
5 balance technical, economic, environmental, and cultural
6 considerations associated with modernization of the electric
7 grid, based on principles that include but are not limited to:

8 (1) Enabling a diverse portfolio of renewable energy
9 resources;

10 (2) Expanding options for customers to manage their energy
11 use;

12 (3) Maximizing interconnection of distributed generation
13 to the State's electric grids on a cost-effective
14 basis at non-discriminatory terms and at just and
15 reasonable rates, while maintaining the reliability of
16 the State's electric grids, and allowing such access
17 and rates through applicable rules, orders, and
18 tariffs as reviewed and approved by the commission;

19 (4) Determining fair compensation for electric grid
20 services and other benefits provided to customers and
21 for electric grid services and other benefits provided



1 by distributed generation customers and other non-
2 utility service providers; and

3 (5) Maintaining or enhancing grid reliability and safety
4 through modernization of the State's electric grids.

5 (c) The commission, in carrying out its responsibilities
6 under this chapter, shall ensure the grid-ready home
7 interconnection process aligns with principles of advanced grid
8 modernization technology by:

9 (1) Streamlining customer access to renewable energy and
10 storage resources;

11 (2) Enhancing customer participation in reliance-enhancing
12 energy programs through rapid integration; and

13 (3) Optimizing grid operations to accommodate increased
14 electrification while minimizing infrastructure
15 costs."

16 SECTION 6. Section 269-146, Hawaii Revised Statutes, is
17 amended to read as follows:

18 "[~~§~~269-146[~~§~~] **Hawaii electricity reliability surcharge;**
19 **authorization; cost recovery.** (a) The commission may require,
20 by rule or order, that all utilities, persons, businesses, or
21 entities connecting to the Hawaii electric system, or any other



1 user, owner, or operator of any electric element that is a part
2 of an interconnection on the Hawaii electric system shall pay a
3 surcharge that shall be collected by Hawaii's electric
4 utilities. The commission shall not contract or otherwise
5 delegate the ability to create the Hawaii electricity
6 reliability surcharge under this section to any other entity.
7 This surcharge amount shall be known as the Hawaii electricity
8 reliability surcharge.

9 (b) Amounts collected through the Hawaii electricity
10 reliability surcharge shall be transferred in whole or in part
11 to any entity contracted by the commission to act as the Hawaii
12 electricity reliability administrator provided for under this
13 part.

14 (c) The Hawaii electricity reliability surcharge shall be
15 used for the purposes of ensuring the reliable operation of the
16 Hawaii electric system and overseeing grid access on the Hawaii
17 electric system through the activities of the Hawaii electricity
18 reliability administrator contracted under section 269-147;
19 provided that amounts collected under the Hawaii electricity
20 reliability surcharge shall not be available to meet any current
21 or past general obligations of the State.



1 (d) The commission may allow an electric utility to
2 recover appropriate and reasonable costs under the Hawaii
3 electricity reliability surcharge for any interconnection to the
4 Hawaii electric system, including interconnection studies and
5 other analysis associated with studying the impact or necessary
6 infrastructure and operational requirements needed to reliably
7 interconnect a generator, as well as from electric utility
8 customers through a surcharge or assessment subject to review
9 and approval by the commission under section 269-16.

10 (e) The commission may allow the Hawaii electricity
11 reliability administrator contracted under section 269-147, if
12 contracted to perform the commission's functions under section
13 269-142(d), to recover appropriate and reasonable costs under
14 the Hawaii electricity reliability surcharge for the
15 implementation and operation of the grid-ready home
16 interconnection process, including staffing, training, and
17 infrastructure upgrades required to meet the grid-ready home
18 interconnection process's timelines and standards.

19 [~~(e)~~] (f) Nothing in this section shall create or be
20 construed to cause amounts collected through the Hawaii
21 electricity reliability surcharge to be considered state or



1 public moneys subject to appropriation by the legislature or be
2 required to be deposited into the state treasury."

3 SECTION 7. Section 269-149, Hawaii Revised Statutes, is
4 amended by amending subsection (b) to read as follows:

5 "(b) The Hawaii electricity reliability administrator
6 shall report to the commission each year on the date of
7 agreement under section 269-147 following the original
8 contracting between the Hawaii electricity reliability
9 administrator and the commission on ~~[the]~~:

10 (1) The status of its operations, financial position, and
11 a projected operational budget for the fiscal year
12 following the date of the report[-]; and

13 (2) The status, effectiveness, and outcomes of the grid-
14 ready home interconnection process, including:

15 (A) The number of customers served under the process;

16 (B) Average timelines for interconnection approvals
17 and upgrades;

18 (C) Total fees collected by the electric utility
19 under the process;

20 (D) Total costs recovered by the electric utility in
21 service of the process; and



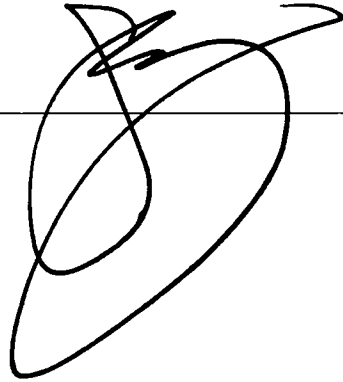
1 (E) Value of infrastructure upgrades deferred or
2 avoided as a result of the process."

3 SECTION 8. Statutory material to be repealed is bracketed
4 and stricken. New statutory material is underscored.

5 SECTION 9. This Act shall take effect on July 1, 2025.

6

INTRODUCED BY: _____

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Report Title:

Grid-ready Homes Interconnection Process; Renewable Energy;
Public Utilities Commission; Electricity Reliability
Administrator; Electricity Reliability Surcharge

Description:

Requires the Public Utilities Commission to establish a streamlined grid-ready homes interconnection process. Authorizes the use of the Hawaii electricity reliability surcharge for cost recovery of certain expenses of the Hawaii electricity reliability administrator associated with the grid-ready homes interconnection process. Requires report to the Legislature on the grid-ready homes interconnection process.

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

