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# 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.



SECTION 2. Chapter 269, Hawaii Revised Statutes, is amended by adding five 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;



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.



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**\$269-E Retail wheeling; renewable energy; rules.** (a)

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

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

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

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

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

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

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

""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)

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