
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 per cent renewable portfolio standard by
4 December 31, 2045. This transition away from imported fossil
5 fuels toward locally available renewable energy sources is
6 critical for 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 at times led to delays,
13 unexpected costs, and increased customer dissatisfaction,
14 hindering progress toward achieving the State's clean energy
15 goals. These challenges also result in localized power quality
16 issues and power outages when customers increase loads without
17 informing 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, energy storage batteries leveraging
20 current national standards for functionality such as



1 Underwriters Laboratories (UL) 1741 and UL 3141, and advanced
2 grid modernization technology."

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

5 "[+]§269-142[+] Reliability standards; interconnection
6 requirements; adoption and development; force and effect. (a)

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

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



1 developed by the commission shall be adopted by the commission
2 in accordance with subsection (a) [~~in order~~] to be effective.
3 The commission shall not contract for the performance of the
4 functions under this subsection to any other entity as provided
5 under section 269-147.

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

20 (d) The commission shall establish a streamlined grid-
21 ready home interconnection process for customer-sited and grid-



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

3 (1) A streamlined notification and approval process for
4 customers seeking to install distributed energy
5 resources systems using Underwriters Laboratories (UL)
6 1741, UL 3141, or equivalent certified functionality;

7 (2) A tiered cost-sharing schedule to address service
8 upgrades and interconnection costs, to be paid by the
9 owner of the customer generating facility as follows:

10 (A) \$50 for a customer generating facility with a
11 capacity of not more than twenty-five kilowatts;

12 (B) \$5 per kilowatt for a customer generating
13 facility with a capacity of greater than twenty-
14 five kilowatts and not more than one hundred
15 kilowatts; and

16 (C) \$10 per kilowatt for a customer generating
17 facility with a capacity of greater than one
18 hundred kilowatts;

19 provided that the cost-sharing schedule shall be
20 reviewed and may be adjusted every six months upon
21 approval by the commission, based on the actual costs



1 of upgrades completed by the public utility during the
2 preceding two years to facilitate interconnection;
3 provided further that for the purposes of this
4 paragraph, "customer generating facility" means a
5 customer-sited and grid-tied renewable energy
6 generation and storage system;

7 (3) Procedural timelines for public utility action,
8 including requiring the public utility to:

9 (A) Notify the customer applying for interconnection
10 that their application is complete or if not, the
11 specific information that is missing no later
12 than five business days after receipt of the
13 application;

14 (B) Provide the customer an executable
15 interconnection agreement no later than five
16 business days after confirming the completeness
17 of the interconnection application; and

18 (C) Provide the customer a fully executed
19 interconnection agreement, process and necessary
20 notifications, and grant interconnection, no
21 later than five business days after receiving the



1 customer's executed interconnection agreement and
2 verifying that all required permits have been
3 issued by the appropriate authority;

4 (4) Provisions to allow distributed energy resources
5 operation with managed power export and import where
6 service upgrades are required; provided that the
7 upgrades shall be completed within three months
8 of ; and

9 (5) Protocols for virtual commissioning and issuing of
10 interconnection agreements within one week of the
11 submission of a commissioning packet."

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

14 "[~~§~~269-145~~§~~] **Grid access; procedures for**
15 **interconnection; dispute resolution.** (a) Each user, owner, or
16 operator of the Hawaii electric system, or any other person,
17 business, or entity seeking to make an interconnection on the
18 Hawaii electric system shall do so in accordance with procedures
19 to be established by the commission by rule or order.

20 (b) The commission shall have the authority to make final
21 determinations regarding any dispute between any user, owner, or



1 operator of the Hawaii electric system, or any other person,
2 business, or entity connecting to the Hawaii electric system,
3 concerning either an existing interconnection on the Hawaii
4 electric system or an interconnection to the Hawaii electric
5 system created under the processes established by the commission
6 under this section.

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

10 (1) Allows licensed electricians to isolate electrical
11 service at utility meters for meter panel replacement,
12 meter socket adapter installation, or main panel
13 upgrades; provided that access shall be subject to:

14 (A) Notification by the public utility to the owner
15 of the grid-ready home of the planned service
16 disconnection on the morning of the planned
17 service disconnection;

18 (B) Confirmation of passed inspections by the
19 appropriate authority; and

20 (C) Confirmation of reconnection procedures; and



(2) Establishes a virtual commissioning process whereby system installers may submit documentation confirming compliance with filed settings and operational requirements of the installed distributed energy resources."

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

"§269-145.5 Advanced grid modernization technology; principles. (a) The commission, in carrying out its responsibilities under this chapter, shall consider the value of improving electrical generation, transmission, and distribution systems and infrastructure within the State through the use of advanced grid modernization technology [~~in order~~] to improve the overall reliability and operational efficiency of the Hawaii electric system.

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

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



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

3 (3) Maximizing interconnection of distributed generation
4 to the State's electric grids on a cost-effective
5 basis at non-discriminatory terms and at just and
6 reasonable rates, while maintaining the reliability of
7 the State's electric grids, and allowing ~~such~~ access
8 and rates through applicable rules, orders, and
9 tariffs as reviewed and approved by the commission;

10 (4) Determining fair compensation for electric grid
11 services and other benefits provided to customers and
12 for electric grid services and other benefits provided
13 by distributed generation customers and other non-
14 utility service providers; and

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

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



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

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

5 (3) Optimizing grid operations to accommodate increased
6 electrification while minimizing infrastructure
7 costs."

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

10 "[+]§269-146[+] **Hawaii electricity reliability surcharge;**
11 **authorization; cost recovery.** (a) The commission may require,
12 by rule or order, that all utilities, persons, businesses, or
13 entities connecting to the Hawaii electric system, or any other
14 user, owner, or operator of any electric element that is a part
15 of an interconnection on the Hawaii electric system shall pay a
16 surcharge that shall be collected by Hawaii's electric
17 utilities. The commission shall not contract or otherwise
18 delegate the ability to create the Hawaii electricity
19 reliability surcharge under this section to any other entity.
20 This surcharge amount shall be known as the Hawaii electricity
21 reliability surcharge.



1 (b) Amounts collected through the Hawaii electricity
2 reliability surcharge shall be transferred in whole or in part
3 to any entity contracted by the commission to act as the Hawaii
4 electricity reliability administrator provided for under this
5 part.

6 (c) The Hawaii electricity reliability surcharge shall be
7 used for the purposes of ensuring the reliable operation of the
8 Hawaii electric system and overseeing grid access on the Hawaii
9 electric system through the activities of the Hawaii electricity
10 reliability administrator contracted under section 269-147;
11 provided that amounts collected under the Hawaii electricity
12 reliability surcharge shall not be available to meet any current
13 or past general obligations of the State.

14 (d) The commission may allow an electric utility to
15 recover appropriate and reasonable costs under the Hawaii
16 electricity reliability surcharge for any interconnection to the
17 Hawaii electric system, including interconnection studies and
18 other analysis associated with studying the impact or necessary
19 infrastructure and operational requirements needed to reliably
20 interconnect a generator, as well as from electric utility



1 customers through a surcharge or assessment subject to review
2 and approval by the commission under section 269-16.

3 (e) The commission may allow the Hawaii electricity
4 reliability administrator contracted under section 269-147, if
5 contracted to perform the commission's functions under section
6 269-142(d), to recover appropriate and reasonable costs under
7 the Hawaii electricity reliability surcharge for the
8 implementation and operation of the grid-ready home
9 interconnection process, including staffing, training, and
10 infrastructure upgrades required to meet the grid-ready home
11 interconnection process's timelines and standards.

12 [~~(e)~~] (f) Nothing in this section shall create or be
13 construed to cause amounts collected through the Hawaii
14 electricity reliability surcharge to be considered state or
15 public moneys subject to appropriation by the legislature or be
16 required to be deposited into the state treasury."

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

19 "(b) The Hawaii electricity reliability administrator
20 shall report to the commission each year on the date of
21 agreement under section 269-147 following the original



1 contracting between the Hawaii electricity reliability
2 administrator and the commission on ~~[the]~~:

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

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

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

9 (B) Average timelines for interconnection approvals
10 and upgrades;

11 (C) Total fees collected by the public utility under
12 the process;

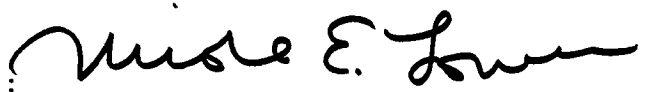
13 (D) Total costs recovered by the public utility in
14 service of the process; and

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

17 SECTION 8. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 9. This Act shall take effect on January 1, 2027.

20
INTRODUCED BY:



JAN 26 2026



Report Title:

PUC; Renewable Energy; Grid-Ready Homes Interconnection Process;
Hawaii Electricity Reliability Administrator; Electricity
Reliability Surcharge; Report

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 a report to the PUC on the grid-ready homes interconnection process. Effective 1/1/2027.

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

