

## ACT 104

S.B. NO. 1003

A Bill for an Act Relating to Net Energy Metering.

*Be It Enacted by the Legislature of the State of Hawaii:*

SECTION 1. Chapter 269, Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

**“§269- Maximum capacity of eligible customer-generator.** The eligible customer-generator shall have a capacity of not more than fifty kilowatts; provided that the public utilities commission may increase the maximum allowable capacity that eligible customer-generators may have to an amount greater than fifty kilowatts by rule or order.”

SECTION 2. Section 269-101, Hawaii Revised Statutes, is amended by amending the definition of “eligible customer-generator” to read as follows:

““Eligible customer-generator” means a metered residential or commercial customer, including a government entity, of an electric utility who owns and operates a solar, wind turbine, biomass, or hydroelectric energy generating facility, or a hybrid system consisting of two or more of these facilities, [~~with a capacity of not more than fifty kilowatts,~~] that is:

- (1) Located on the customer's premises;
- (2) Operated in parallel with the utility's transmission and distribution facilities;
- (3) In conformance with the utility's interconnection requirements; and
- (4) Intended primarily to offset part or all of the customer's own electrical requirements."

SECTION 3. Section 269-102, Hawaii Revised Statutes, is amended to read as follows:

**“[§269-102] Standard contract or tariff; rate structure.** (a) Every electric utility shall develop a standard contract or tariff providing for net energy metering[-] and shall make this contract available to eligible customer-generators, upon request, on a first-come-first-served basis until the time that the total rated generating capacity produced by eligible customer-generators equals .5 per cent of the electric utility's system peak demand[-]; provided that the public utilities commission may increase, by rule or order, the total rated generating capacity produced by eligible customer-generators to an amount above .5 per cent of the electric utility's system peak demand.

(b) Each net energy metering contract or tariff shall be identical, with respect to rate structure, to the contract or tariff to which the same customer would be assigned if the customer was not an eligible customer-generator. The charges for all retail rate components for eligible customer-generators shall be based exclusively on the eligible customer-generator's net kilowatt-hour consumption over a monthly billing period. Any new or additional demand charge, standby charge, customer charge, minimum monthly charge, interconnection charge, or other charge that would increase an eligible customer-generator's costs beyond those of other customers in the rate class to which the eligible customer-generator would otherwise be assigned are contrary to the intent of this section, and shall not form a part of net energy metering contracts or tariffs.

(c) The public utilities commission may amend the rate structure or standard contract or tariff by rule or order.”

SECTION 4. Section 269-104, Hawaii Revised Statutes, is amended to read as follows:

**“[§269-104] Additional customer-generators.** Notwithstanding section 269-102, an electric utility is not obligated to provide net energy metering to additional customer-generators in its service area when the combined total peak generating capacity of all eligible customer-generators served by all the electric utilities in that service area furnishing net energy metering to eligible customer-generators equals .5 per cent of the system peak demand of those electric utilities[-]; provided that the public utilities commission may increase, by rule or order, the allowable percentage of the electric utility's system peak demand produced from eligible customer-generators in the electric utility's service area, whereupon the electric utility will be obligated to provide net energy metering to additional eligible customer-generators in that service area up to the increased percentage amount.”

SECTION 5. Section 269-105, Hawaii Revised Statutes, is amended to read as follows:

**“[§269-105] Calculation.** The net energy metering calculation shall be made by measuring the difference between the electricity supplied to the eligible customer-generator and [the]:

- (1) The electricity generated by the eligible customer-generator and fed back to the electric grid over a monthly billing period[-]; and
- (2) Any unused credits for excess electricity from the eligible customer-generator carried over from previous months since the last twelve-month reconciliation period.’’

SECTION 6. Section 269-106, Hawaii Revised Statutes, is amended to read as follows:

“~~[[~~**§269-106**~~]]~~ **Billing periods[-]; twelve-month reconciliation.** (a) Billing of net energy metering customers shall be ~~[only]~~ on a monthly basis[-]; provided that the last monthly bill for each twelve-month period shall reconcile for that twelve-month period the net electricity provided by the electric utility with:

- (1) The electricity generated by the eligible customer-generator and fed back to the electric grid over the monthly billing period; and
- (2) Any unused credits for excess electricity from the eligible customer-generator carried over from prior months since the last twelve-month reconciliation period.

(b) Credits for excess electricity from the eligible customer-generator that remain unused after each twelve-month reconciliation period may not be carried over to the next twelve-month period.’’

SECTION 7. Section 269-107, Hawaii Revised Statutes, is amended to read as follows:

“~~[[~~**§269-107**~~]]~~ **Net electricity consumers.** At the end of each monthly billing period, where the electricity supplied during the period by the electric utility exceeds ~~[the electricity]:~~

- (1) The electricity generated by the eligible customer-generator during that same period[-]; and
- (2) Any unused credits for excess electricity from the eligible customer-generator carried over from prior months since the last twelve-month reconciliation period.

the eligible customer-generator is a net electricity consumer and the electric utility shall be owed compensation for the eligible customer-generator’s net kilowatt-hour consumption over that same period. The compensation owed for the eligible customer-generator’s net monthly kilowatt-hour consumption shall be calculated at the retail rate of the rate class the customer is normally assigned to.’’

SECTION 8. Section 269-108, Hawaii Revised Statutes, is amended to read as follows:

“~~[[~~**§269-108**~~]]~~ **Net electricity producers[-]; excess electricity credits and credit carry over.** At the end of each monthly billing period, where the electricity generated by the eligible customer-generator during the month exceeds the electricity supplied by the electric utility during that same period, the eligible customer-generator is a net electricity producer and the electric utility shall retain any excess kilowatt-hours generated during the prior monthly billing period[-]; provided that the excess electricity generated by the customer-generator, if any, in each monthly billing period shall be carried over to the next month as a monetary value to the credit of the eligible customer-generator, which credit may accumulate and be used to offset the compensation owed the electric utility for the eligible customer-generator’s net kilowatt-hour consumption for succeeding months within each twelve-month period; provided further that the electric utility shall reconcile the

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eligible customer-generator's electricity production and consumption for each twelve-month period as set forth in section 269-106. The eligible customer-generator shall not be owed any compensation for ~~[these]~~ excess kilowatt-hours unless the electric utility enters into a purchase agreement with the eligible customer-generator for those excess kilowatt-hours.”

SECTION 9. Section 269-109, Hawaii Revised Statutes, is amended to read as follows:

**“~~[H]§269-109[H]~~ Net electricity consumption or production information.**

The electric utility shall provide every eligible customer-generator with net electricity consumption or production information with each regular monthly bill, which shall include ~~[the]~~:

- (1) The current monetary balance owed the electric utility for net electricity consumed [or,];
- (2) The net electricity produced since the end of the last monthly billing period[-]; and
- (3) An accounting of the credits for excess electricity produced by the eligible customer-generator since the last twelve-month reconciliation period that shows credits applied to the monthly billing period and the balance of unused credits, if any.”

SECTION 10. Section 269-110, Hawaii Revised Statutes, is amended to read as follows:

**“~~[H]§269-110[H]~~ Termination by eligible customer-generators.** If an eligible customer-generator terminates the customer relationship with the electric utility, the electric utility shall reconcile the eligible customer-generator's consumption and production of electricity ~~[during any part of a monthly billing]~~, including any unused credits for excess electricity from the eligible customer-generator carried over from prior months, for the period following the last twelve-month reconciliation period to the date of termination of the relationship, according to the requirements set forth in this part.”

SECTION 11. This Act does not affect rights and duties that matured, penalties that were incurred, and proceedings that were begun, before its effective date.

SECTION 12. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.<sup>1</sup>

SECTION 13. This Act shall take effect on July 1, 2005.

(Approved June 6, 2005.)

### Note

1. Edited pursuant to HRS §23G-16.5.