A BILL FOR AN ACT

RELATING TO RENEWABLE ENERGY.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that Act 97, Session Laws of Hawaii 2015, established a renewable portfolio standards target of one hundred per cent renewable electric energy by 2045. The legislature also enacted Act 15, Session Laws of Hawaii 2018, into law, establishing a statewide zero emissions clean economy target to sequester more atmospheric carbon and greenhouse gases than emitted within the State as quickly as practicable, but no later than 2045.

In order to move the State closer to its carbon negative target as soon as possible, which is needed to mitigate the damaging effects of projected sea level rise due to greenhouse gas emissions, the legislature finds that continual progress and the timely approval, commencement of construction, and completion of renewable energy projects is of paramount importance.

The legislature also finds that Act 23, Session Laws of Hawaii 2020, prohibited the further use of coal in Hawaii for
electricity production to advance these goals. While the legislature supports the scheduled retirement of the largest single source, lowest cost energy on Oahu, and last coal power plant in the State, the legislature also understands that the reliability of the electric grid is now in jeopardy unless more renewable energy projects capable of replacing the total energy lost by the coal power plant can be delivered into the system prior to the coal power plant's retirement.

The legislature further finds that renewable energy projects take multiple years to develop. In June 2016, Hawaiian Electric Co., Inc. (HECO) requested that the public utilities commission open a docket to review approval requests relating to HECO's plan to acquire new renewable generation on the islands of Oahu, Hawaii, Maui, Molokai, and Lanai. In February 2018, the public utilities commission approved HECO's request for proposal phase 1. This was followed by bids selected and power purchase agreements for the first seven of eight projects that were submitted by HECO to the public utilities commission for approval in December 2018, with the eighth project submitted in February 2019. While seven of these eight projects were approved by the public utilities commission in approximately
three months, it took approximately twenty-one months to approve one of these projects.

In addition, HECO did not submit the interconnection transmission line requests for approval until some eighteen to twenty-one months later for five of the projects; has still yet to submit requests for approval for two projects as of January 2021; and indicated for the first time in September 2020 that one project did not require an interconnection transmission line.

In addition, although the first of the interconnection transmission line requests for approval was filed with the public utilities commission in August 2020, five months have passed and the request has not been approved. Renewable project developers must wait until their projects have received approval from the public utilities commission for both the power purchase agreement and the interconnection transmission line in order to obtain financing or expend significant moneys to begin construction of their respective projects. Accordingly, any delays in receiving both approvals from the public utility commission typically result in a delay in the start of construction of the renewable energy project.
The following table illustrates the ongoing interconnection delays.

<table>
<thead>
<tr>
<th>Docket No.</th>
<th>Project Name</th>
<th>PPA Application Date</th>
<th>PPA Approval Date</th>
<th>Transmission Line Approval Request Date</th>
<th>Transmission Line Approval Date</th>
</tr>
</thead>
</table>

In addition, three of HECO's request for proposal phase two projects have been approved in three and a half months, while eight projects are currently being reviewed by the public.
utilities commission for approval and have procedural schedules
set by the public utilities commission indicating that decision-
making will go beyond six months, despite the majority of RFP
phase one projects only requiring approximately three months for
a decision to be made.

The legislature finds that there have been significant
delays for HECO to complete its interconnection process so that
utility-scale renewable energy projects know how they may
interconnect with HECO's electric grid, and at what cost, before
beginning construction. In addition, the extended timing for
the public utilities commission's review and approval of certain
project power purchase agreements and interconnection line
requests has likewise delayed the financing and start of
construction for renewable energy projects.

The Hawaii natural energy institute informed the public
utilities commission in December 2020, that timely completion of
these projects are critical to mitigate grid reliability issues
caused by the retirement of the Oahu coal plant in September
2022. Specifically, the Hawaii natural energy institute stated
that "[b]ased on projected timelines for Stage 1, sufficient
solar + storage to provide full replacement will not likely be
in place at time of AES [coal plant] retirement - making timing
of standalone battery critical."

Accordingly, if certain HECO request for proposal phase one
and two projects are not completed and do not deliver sufficient
renewable energy to replace the energy from Oahu coal plant
prior to September 2022, the use of additional fossil fuel
generation from HECO's plants (at a substantially higher cost
than the cost of energy from the coal plant) may be needed to
maintain grid reliability at an increased cost to Oahu
ratepayers.

The legislature finds that facilitating the timing of the
public utilities commission's review and HECO's interconnection
will not only help bring utility-scale renewable energy projects
online sooner. It will also:

(1) Decrease electricity rates for consumers by providing
project developers with added certainty regarding
timing, which helps to lower bid pricing;

(2) Help achieve the State's RPS goals in a timely manner;

and

(3) Help reduce greenhouse gas emissions earlier in order
to mitigate climate change.
The legislature has previously established time limits for state and county agencies by which they must issue decisions in certain types of matters. For example, to facilitate timely broadband deployment, counties are required to approve, approve with modification, or disapprove all applications for broadband-related permits within sixty days of submission of a complete permit application and full payment of any applicable fee, otherwise the application is deemed approved by the county pursuant to section 46-89(a), Hawaii Revised Statutes. In addition, under the State Procurement Code, hearings officers must issue a written decision on procurement matters no later than forty-five days from the receipt of a request from a party for administrative review pursuant to section 103D-709(b), Hawaii Revised Statutes.

The legislature also enacted section 269-16(d), Hawaii Revised Statutes, to provide for public utilities commission's decisions on rate cases within nine months. For rate cases, the public utilities commission is required to make every effort to complete its deliberations and issue its decision as expeditiously as possible and before nine months from the date the public utility filed its completed application.
The legislature finds that State revenues have been greatly reduced due to the coronavirus disease 2019 pandemic, and accordingly, the state departments need to implement more efficient ways to streamline government processing and review of proposed renewable energy projects.

The purpose of this Act is to facilitate the timely approval of renewable energy matters.

SECTION 2. Chapter 269, Hawaii Revised Statutes, is amended by adding two new sections to be appropriately designated and to read as follows:

"§269- Public utilities commission decision-making for renewable energy matters. Beginning July 1, 2021, the public utilities commission shall approve, approve with conditions, or deny matters for proposed renewable energy power purchase agreement applications filed with the commission within one hundred and eighty days of the filing. In carrying out this mandate, the commission shall set and enforce a procedural schedule that allows the commission to meet the one hundred and eighty day period. If the application is not approved, approved with modification, or disapproved by the commission within one hundred and eighty days, the matter shall be deemed approved by
the commission. If a decision is not made within the one
hundred and eighty day period, the commission shall report the
reasons therefor to the legislature and the governor in writing
within thirty days after the expiration of the one hundred and
eighty day period.

§269- Electric public utility completion of
interconnection process. (a) The public utilities commission
shall require electric public utilities to complete the
interconnection design, reach agreement with the renewable
energy project developer, and file a request for interconnection
or transmission line approval (if required) with the commission
as soon as practicable, but no later than two hundred and
seventy days after the renewable energy project power purchase
agreement is filed with the commission for review and approval.

If the electric public utility is unable to complete the
interconnection design, reach agreement with the renewable
energy project developer, and file a request for interconnection
or transmission line approval, if required, with the commission
within the two hundred and seventy day period, the electric
public utility shall report in writing the reasons therefor to
the commission within ten calendar days after the expiration of
the two hundred and seventy day period.

If the electric public utility fails to meet these
requirements within the two hundred and seventy day period, the
utility shall forfeit and return all moneys or other financial
incentives it has received as part of any performance incentive
mechanism program or similar incentive-based award recognized by
the commission in connection with the renewable energy project.

The commission shall report to the legislature and the governor
the failure to meet the timing under this subsection by any
electric public utility within thirty days after first being
notified of such failure.

(b) Upon the filing of a request for interconnection or
transmission line approval by an electric public utility under
subsection (a), the commission shall either approve or
disapprove such request within one hundred and twenty days of
the filing of the request. If the request for interconnection
or transmission line approval is not approved, approved with
modification, or disapproved by the commission within one
hundred and twenty days, the matter shall be deemed approved by
the commission notwithstanding any other law to the contrary.
If a decision is not made within the one hundred and twenty day period, the commission shall report the reasons therefor to the legislature and the governor in writing within thirty days after the expiration of the one hundred and twenty day period.

(c) This section shall only apply to utility-scale renewable energy projects that are five megawatts in total output capacity or larger and require interconnection or transmission line approval by the public utilities commission.

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

SECTION 3. New statutory material is underscored.

SECTION 4. This Act shall take effect upon its approval.

INTRODUCED BY: [Signature]

JAN 22 2021
Report Title:
Renewable Energy; Public Utilities Commission; Electric Public Utilities

Description:
Provides for timely review by the public utilities commission in its decision-making process regarding proposed renewable energy projects. Requires timely completion of the interconnection process by electric public utilities.

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