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 further 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., requested that the public utilities commission open a docket to review approval requests relating to its plan to acquire new renewable generation on the islands of Oahu, Hawaii, Maui, Molokai, and Lanai. In February 2018, the public utilities commission approved Hawaiian Electric Co., Inc.'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 Hawaiian Electric Co., Inc., 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, Hawaiian Electric Co., Inc., 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 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 Hawaiian Electric Co., Inc.'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 request for proposal phase one projects only requiring approximately three months for a decision to be made.

The legislature finds that there have been significant delays for Hawaiian Electric Co., Inc., to complete its interconnection process so that utility-scale renewable energy projects know how they may interconnect with Hawaiian Electric Co., Inc.'s electric grid, and at what cost, before beginning construction.

The legislature finds that facilitating the timing of Hawaiian Electric Co., Inc.'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 renewable portfolio standards
goals in a timely manner; and
(3) Help reduce greenhouse gas emissions earlier in order
to mitigate climate change.

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 a new section to be appropriately designated
and to read as follows:

"§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 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 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 seventy day period.

If the electric public utility fails to meet these requirements within the two hundred seventy day period, the electric public 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 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 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 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 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 on July 1, 2050.
Report Title:
Renewable Energy; Public Utilities Commission; Electric Public Utilities; Interconnection Process

Description:
Requires timely completion of the interconnection process by electric public utilities. Effective 7/1/2050. (HD1)

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