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NEWS RELEASE

For Immediate Release:

PUBLIC UTILITIES COMMISSION APPROVES NEW RULES FOR INTERCONNECTION TO THE HECO COMPANIES' DISTRIBUTION SYSTEM

HONOLULU –

In a Decision and Order issued today, the Hawaii Public Utilities Commission (Commission) approved revisions to the HECO Companies' Tariff Rule 14H, which governs the interconnection of distributed generating facilities, such as solar photovoltaic systems, operating in parallel with the HECO Companies' electrical distribution system. The revisions are intended to facilitate increased penetration and the interconnection process.

The Commission's November 29, 2011 Decision and Order is based on its review of a Partial Settlement Agreement Regarding Proposed Modifications to Rule 14H, filed on October 14, 2011 by the parties in the docket. “The Commission recognizes and appreciates the collective efforts of the parties to reach agreement on a number of revisions to the tariff through best practices, consensus and collaboration,” said Commission Chair Hermina Morita.

The Parties to the Agreement included (1) the applicants: Hawaiian Electric Company, Inc., Hawaii Electric Light Company, Maui Electric company, collectively called the HECO Companies; (2) the Division of Consumer Advocacy, an ex officio party to all Commission proceedings, and (3) entities who were granted formal intervention: Blue Planet Foundation, the Department of Business Economic

Development and Tourism, Hawaii Inspection Group, Inc., Hawaii PV Coalition, Hawaii Renewable Energy Alliance, Hawaii Solar Energy Association, South Maui Renewable Resource, LLC, The Solar Alliance, and Zero Emissions Leasing, LLC. The Interstate Renewable Energy Council was a participant in the proceeding.

A summary of the major revisions is listed below. The Decision and Order can be found on the Commission's website, www.puc.hawaii.gov, under "Selected Dockets."

- A new, streamlined "Supplemental Review" mechanism was added to the overall interconnection process so that a proposed project would no longer automatically have to conduct an Interconnection Requirements Study (IRS) if the project fails initial technical screening criteria such as the "15% circuit penetration threshold."

- Supplemental Reviews would be conducted by the utility at no charge to a project and would be completed within 20 business days.

- An IRS would not be required for inverter-based distributed generation (DG) systems if the aggregate DG penetration is below 50% of the distribution circuit demand during period when proposed generation is available (i.e., solar noon).

- A flexible solution-based approach is instituted for DG projects that fail the ground-fault overvoltage technical screen in lieu of an IRS. This modification will benefit larger three-phase inverter-based DG projects.

- Time limits are established for completion of certain major steps in the interconnection process.

- DG projects have been provided with options to reduce the cost of conducting an IRS in the event that such a study is required.

"The Commission appreciated the willingness of the HECO Companies to work diligently with the other parties to implement a flexible and certain process for the interconnection of small renewable energy projects on its distribution systems," said Commissioner John Cole.

The Commission's Decision and Order is the second set of major revisions to Rule 14H. The first set, approved by a May 26, 2010 Commission Decision and Order, included the following substantive revisions: (1) increasing the percentage of annual peak kilovolt-ampere load for the feeder that triggers additional technical studies, from ten percent to fifteen percent; (2) establishing a standard three-party interconnection agreement; (3) including cross-limitation of liability and non-indemnification language with respect to projects where a State of Hawaii agency is the customer; and (4) including additional data information regarding the customer's generating facility.

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