

**STATE OF HAWAII
PUBLIC UTILITIES COMMISSION**

**Final Report Submitted to the Legislature Pursuant to
Act 87, Session Laws of Hawaii 2000,
A Bill for an Act Relating to Energy**

December 2001

Background

During the Regular Session of 2000, the Legislature passed H.B. No. 1884, H.D. 2, which was enacted into law as Act 87, Session Laws of Hawaii 2000 (Act 87).

Act 87 established a two-year net metering pilot study to be conducted by the Public Utilities Commission (Commission) in conjunction with the Department of Education's renewable energy demonstration project (demonstration project) established by H.B. No. 2701, H.D. 3, S.D. 1, C.D. 1 (H.B. No. 2701). As part of the study, Act 87 directed the Commission to gather data on the Department of Education's use of net metering in its demonstration project. However, although H.B. No. 2701 was passed by the Legislature, it was vetoed by the Governor.

Among other things, Act 87 directed the Commission to:

1. Conduct a study on the feasibility of implementing a net metering program in the State; and
2. Submit to the Legislature an interim report prior to the Regular Session of 2001 and a final report prior to the Regular Session of 2002, on the actions taken, status, and recommendations with regard to its net metering study.

Discussion

The Commission recognizes the advantages of net metering in furthering the use of renewable energy systems in the State, thereby enhancing economic growth in the State, offsetting Hawaii's reliance on imported fossil fuels, and encouraging private investment in renewable energy resources. However, while the Commission supports programs such as net energy metering, it does so only insofar as the program is both feasible and safe to the utilities and customer-generators, and the impact to ratepayers affected by such a program is minimal.

As specified in its December 2000 interim report, the Commission respectfully requested the following to the Legislature:

1. Clarification as to whether the scope of the study should encompass a review and assessment of the feasibility of both single, reversible, non-time-differentiated meters, and two separate non-time-differentiated meters;
2. Guidance as to whether the Legislature would like the Commission to continue pursuing a study of net metering at public schools using existing photovoltaic systems; and
3. Support in the form of funding, resources, and time, to fully implement a study as described by Act 87.

However, during the Regular Session of 2001, the Legislature passed H.B. No. 173, H.D. 2, S.D. 2, C.D. 1, which was enacted into law as Act 272, Session Laws of Hawaii 2001 (Act 272). Among other things, Act 272 enabled qualified customer-generators to use net energy metering, by amending the definitions of “net energy metering” and “eligible customer-generator”. Act 272 also enabled monthly billing for net metering customers. Having established a permanent net energy metering program, Act 272 made implementation of the pilot net energy metering program and the Commission study of that pilot program unnecessary.