

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

----- In the Matter of ----- )  
 )  
 PUBLIC UTILITIES COMMISSION ) DOCKET NO. 2018-0163  
 )  
 Instituting a Proceeding to )  
 Investigate Establishment of a )  
 Microgrid Services Tariff. )  
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ORDER NO. 35566

OPENING THE DOCKET

FILED  
2018 JUL 10 P 3:46  
PUBLIC UTILITIES  
COMMISSION

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OF THE STATE OF HAWAII

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PUBLIC UTILITIES COMMISSION ) Docket No. 2018-0163  
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OPENING THE DOCKET

By this Order, the commission (1) opens this docket to investigate establishment of a microgrid services tariff for HAWAIIAN ELECTRIC COMPANY, INC. ("HECO"), HAWAII ELECTRIC LIGHT COMPANY, INC. ("HELCO"), and MAUI ELECTRIC COMPANY, LIMITED ("MECO") (collectively, the "HECO Companies"), pursuant to Act 200;<sup>1</sup> (2) names as parties to this docket the HECO Companies and the DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS, DIVISION OF CONSUMER ADVOCACY ("Consumer Advocate"), an ex officio party, pursuant to Hawaii Revised Statutes ("HRS") § 269-51 and Hawaii Administrative

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<sup>1</sup>House Bill 2110, H.D. 2, S.D. 2, 29<sup>th</sup> Leg. Reg. Sess. (2018), was signed by the Governor and assigned Act 200 on July 10, 2018 ("Act 200"). Section 2, subsection (c) of Act 200 specifically exempts "municipal utility cooperatives," which the commission interprets to exempt Kauai Island Utility Cooperative from this proceeding.

Rules ("HAR") § 6-61-62(a); and (3) invites any interested individual or organization to file a motion to intervene or participate without intervention in this docket within twenty (20) days of the filing of this Order, in accordance with HAR Chapter 6-61. The commission will issue subsequent order(s) establishing a statement of issues to be addressed in this docket, and issue a procedural schedule to govern this proceeding, after the deadline for the filing of motions to intervene or participate.

I.

BACKGROUND

On July 10, 2018, the Governor signed Act 200 into law, in which, observing that "Hawaii's residents and businesses are vulnerable to disruptions in the islands' energy systems caused by extreme weather events or other disasters[,] " the Hawaii State Legislature ("Legislature") concluded that "[m]icrogrids can [] provide valuable services to the public utility electricity grid, including energy storage and demand response, to support load shifting, frequency response, and voltage control, among other ancillary services[,] " and that "the use of microgrids would build energy resiliency into our communities, thereby increasing public safety and security."<sup>2</sup> The Legislature further emphasized the dual

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<sup>2</sup>Act 200, Section 1.

importance of microgrids to "facilitating the achievement of Hawaii's clean energy policies by enabling the integration of higher levels of renewable energy and advanced distributed energy resources[,] and providing backup power in an emergency, and the ability to "island" or run autonomously to support "a building or set of buildings with emergency power for critical medical equipment, refrigeration, and charging critical communications devices."<sup>3</sup>

The Legislature referenced Puerto Rico in Act 200, stating that, after Hurricane Maria in 2017, "Puerto Rico is now rebuilding its energy system and incorporating microgrids, or smaller grids with local control capability that can disconnect from the larger electricity grid and operate autonomously."<sup>4</sup> As such, Puerto Rico has developed regulations addressing microgrid development.<sup>5</sup> The regulations are intended to "set[] forth the regulatory framework required to promote and encourage the development of microgrid systems in Puerto Rico, enable customer choice and control over their electric service,

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<sup>3</sup>Act 200, Section 1.

<sup>4</sup>Act 200, Section 1.

<sup>5</sup>In re: Puerto Rico Energy Comm'n, Case No. CEPR-MI-2018-0008, Order, filed on May 16, 2018, available at: <http://energia.pr.gov/wp-content/uploads/2018/05/Order-Regulation-on-Interconnection-CEPR-MI-2018-0008-1.pdf> ("May 16, 2018 Puerto Rico Energy Commission Order").

increase system resiliency, foster energy efficiency and environmentally sustainable initiatives and spur economic growth by creating a new and emerging market for microgrid services.”<sup>6</sup>

Microgrids already exist in Hawaii, and are being used for enhanced grid resilience, renewable energy integration, and energy security. For example, the Schofield Generating Station Project, which was the subject of Docket Nos. 2014-0113 and 2017-0213, involved construction of a firm, dispatchable 50 megawatt power plant on Oahu. The Schofield Generating Station has the capacity to “island” itself in the event of an emergency and provide power primarily to Schofield Barracks, Wheeler Airfield, and Kunia Field Station.<sup>7</sup> In addition, Act 200 states that “[t]he natural energy laboratory of Hawaii authority is recognized as having the potential to operate a microgrid and may be designated as the first microgrid demonstration project after the establishment of the microgrid services tariff . . . .”<sup>8</sup>

Given these and other existing or prospective microgrids, Act 200 seeks to establish greater structure around

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<sup>6</sup>May 16, 2018 Puerto Rico Energy Commission Order at 1.

<sup>7</sup>In re Hawaiian Elec. Co., Inc., Docket No. 2014-0113, Decision and Order No. 33178, filed on September 29, 2015, at 14, 29, and 51.

<sup>8</sup>Act 200, Section 4.

microgrid "interconnection and the value of microgrid services" through a microgrid services tariff.

II.

OPENING THE SUBJECT DOCKET

The commission states as follows:

1. The commission opens this docket to investigate establishment of a microgrid services tariff for the HECO Companies, pursuant to Act 200.

2. The named parties herein are the HECO Companies and the Consumer Advocate, pursuant to HRS § 269-51 and HAR § 6-61-62(a).

3. The commission invites any interested individual or organization to timely file a motion to intervene or participate in this proceeding within twenty (20) days from the filing date of this Order, in accordance with HAR Chapter 6-61. The commission will issue subsequent order(s) establishing a statement of issues to be addressed in this docket, and issue a procedural schedule to govern this proceeding, after the deadline for the filing of motions to intervene or participate.

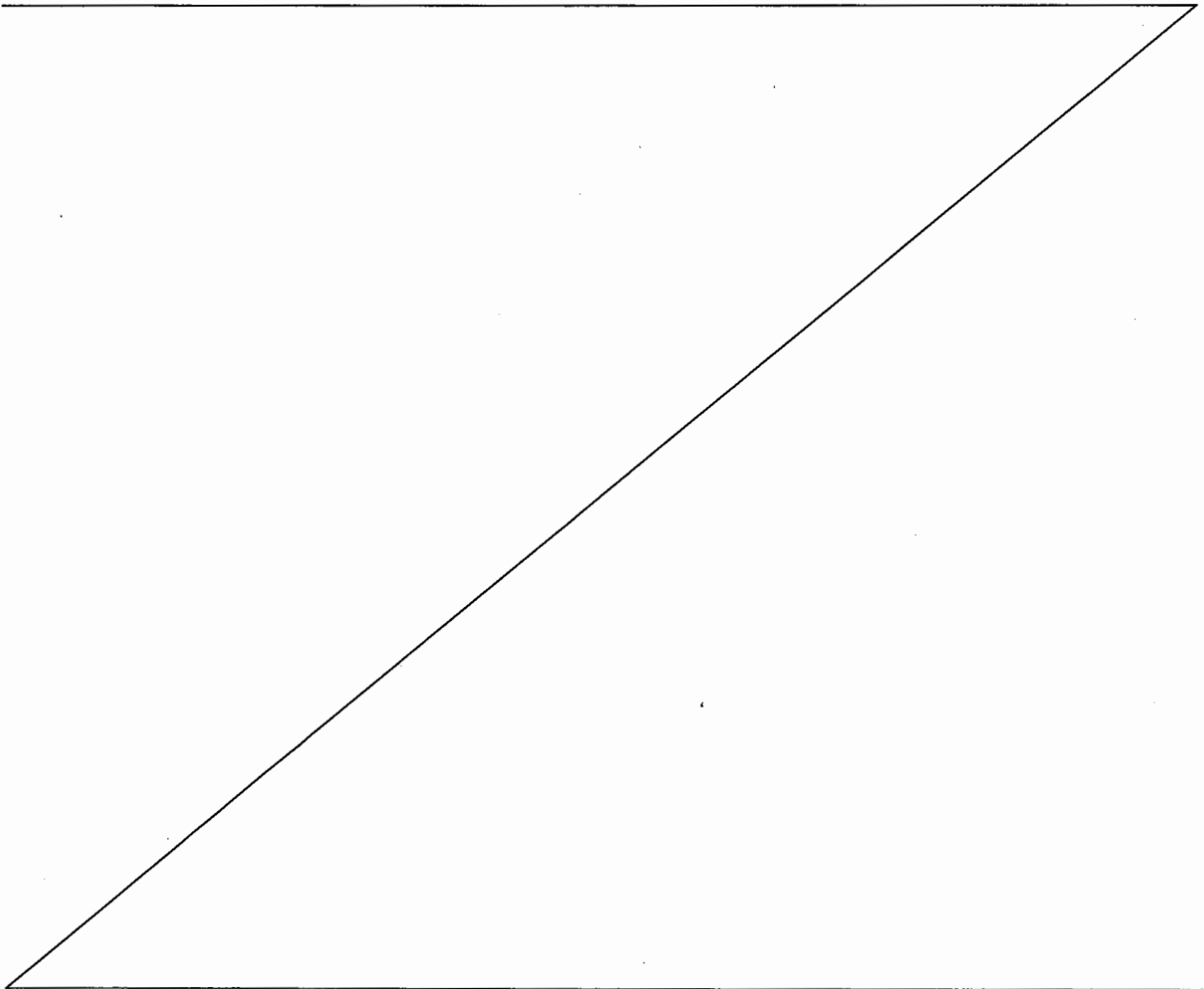
III.

ORDERS

THE COMMISSION ORDERS:

1. The commission opens this docket to investigate establishment of a microgrid services tariff for the HECO Companies, pursuant to Act 200.

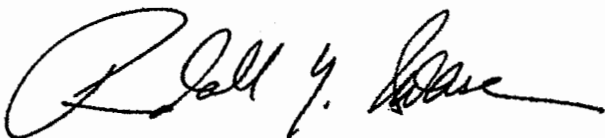
2. The named parties herein are the HECO Companies and the Consumer Advocate, pursuant to HRS § 269-51 and HAR § 6-61-62(a).

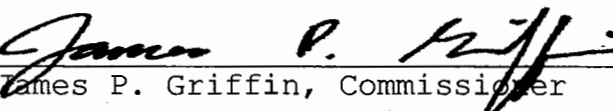


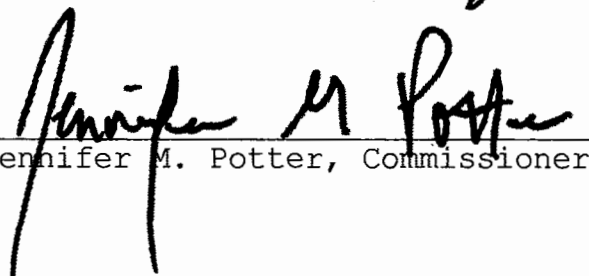
3. The commission invites any interested individual or organization to timely file a motion to intervene or participate in this proceeding within twenty (20) days from the filing date of this Order, in accordance with HAR Chapter 6-61. The commission will issue subsequent order(s) establishing a statement of issues to be addressed in this docket, and issue a procedural schedule to govern this proceeding, after the deadline for the filing of motions to intervene or participate.

DONE at Honolulu, Hawaii JUL 10 2018.

PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By   
Randall Y. Iwase, Chair

By   
James P. Griffin, Commissioner

By   
Jennifer M. Potter, Commissioner

APPROVED AS TO FORM:

  
Caroline C. Ishida  
Commission Counsel

2018-0163.kmc

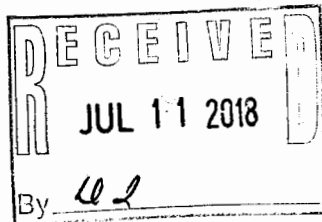


CERTIFICATE OF SERVICE

The foregoing order was served on the date of filing by mail,  
postage prepaid, and properly addressed to the following parties:

DEAN NISHINA  
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MANAGER, REGULATORY NON-RATE PROCEEDINGS  
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2018-0143

Order 35564