



**Hawaiian  
Electric**

## NEWS RELEASE

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### **Hawai'i microgrid tariff seen as model for other states** *Regulators approve rules for systems that can run independently*

**HONOLULU, June 28, 2021** – Hawai'i has become only the second state with a formal microgrid services tariff – and Microgrid Knowledge, a national publication, reports the framework can be a model for other states.

The Public Utilities Commission approved the microgrid services tariff last month, making Hawai'i second only to California, which approved a microgrid tariff in January. A microgrid – like a traditional, centralized electric grid – can generate, distribute, and regulate the supply of electricity to customers, but locally and on a smaller scale.

Approval of the tariff will allow more microgrids to be used in emergencies by enabling customers to participate in or develop hybrid microgrids. Hybrid microgrids include utility and non-utility assets within a microgrid boundary, which until now would have been initiated and developed only by the utility.

Some customer-sited systems may already meet the technical requirements to be classified as a microgrid but customers with existing systems need not apply or change their operation. In the future, however, single customers or groups may opt to seek compensation for services microgrids can provide to their island's entire electric system.

"The commission's approval of the first stage of a microgrid services tariff underscores the importance of these technically advanced systems. They'll provide more choices for customers and help Hawai'i reach 100% renewable energy by 2045 with a grid that provides reliability and resilience for all," said Ken Aramaki, Hawaiian Electric director of transmission and distribution and interconnection planning.

The PUC decision tees up issues to be tackled in a second phase of the rulemaking process, including how the tariff meshes with customer energy programs, power purchase agreement models and harmonizing compensation with other grid service mechanisms.

The U.S. Department of Energy defines a microgrid as, "A group of interconnected loads and distributed energy resources within clearly defined electrical boundaries that act as a single controllable entity with respect to the grid, and that can connect and disconnect from the grid to enable it to operate in both grid-connected and 'island' mode."

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The new tariff defines two types of microgrids:

- Customer microgrid where customers infrastructure is exclusively used to supply all their own electricity needs during emergencies
- Hybrid in which a microgrid operator may combine utility-infrastructure and customer-infrastructure to supply electricity to microgrid members during an emergency

In 2018, the Hawai'i Legislature passed Act 200 directing development of microgrids to increase resilience and reliability by providing services to the electric grid including energy storage, demand response and other ancillary services. What followed was a methodical working-group process including Hawaiian Electric and stakeholders to define the technical terms so microgrids can serve both individual customers and the public interest for all customers.

Hawai'i already has working microgrids. For example, a recent Hawaiian Electric-U.S. Army test determined that during a major outage, Schofield Generating Station is able to power up a utility-owned microgrid consisting of Schofield Barracks, Wheeler Army Airfield and Field Station Kunia.

The test showed the three installations can be islanded or detached from the O'ahu grid in an emergency and powered with 100% renewable energy from the Schofield-based power plant. This ability advances energy resilience and security for the Army, including for services that might be needed in a local or national security crisis.

In addition, Hawaiian Electric will help identify areas on O'ahu suited for developing microgrids to build a more resilient electric grid. The mapping is one of 11 initiatives selected as part of the U.S. Department of Energy's inaugural Energy Transitions Initiative Partnership Project. Hawaiian Electric will leverage the expertise of the Hawai'i Natural Energy Institute, DOE and national energy labs to advance clean energy solutions and improve resilience.

Hawaiian Electric hopes to reduce initial barriers and complexities with a map that takes into account the technical and practical viability of microgrid development. Microgrids are best suited to areas prone to prolonged outages during weather events, with clusters of customers and potential availability of renewable energy resources.

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