



Battery Bonus Q&A

Updated: 10/27/2023

THE PROGRAM

Q. What is the Battery Bonus program?

A. Battery Bonus is a new initiative in Hawaii that provides monthly and one-time incentives to residential and commercial customers on O‘ahu and Maui. These incentives are given to encourage customers to add energy storage to their existing or new rooftop solar systems. By doing so, it helps Hawaii move closer to its goal of using 100% clean energy for electricity by 2045 and supports the shift from fossil fuels to renewable-based generation. The program’s rules can be found in Rule 31. https://www.hawaiianelectric.com/documents/billing_and_payment/rates/hawaiian_electric_rules/31.pdf

Q. How can I determine if the Battery Bonus program is suitable for me?

A. Several factors should be taken into account when considering this program. If your main goal is to lower your current electricity bill, you should evaluate how long it will take for the savings from the added generating capacity and/or battery to cover the installation costs. However, if your motivation is to contribute to cleaner energy and reduce dependence on fossil fuels, the program’s intrinsic value becomes more important.

PROGRAM BENEFITS

Q. What are the incentives for the Battery Bonus program?

A. There are three types of incentives in the Battery Bonus program:

1. One-time check: You will receive \$850 per kilowatt (kW) on O‘ahu and Maui. For example, if you commit 5 kW, you’ll get a \$4,250 bonus. The payment will be made after your project is installed and operational, and contracts are signed. The incentive check will be sent within 30 days from the date of the contract execution email. The program is capped at 15 MW for Maui and 40 MW for O‘ahu. The one-time incentive check will be reduced by any outstanding charges on your electric bill.
2. Monthly capacity bill credit: You will get \$5 per kW per month of committed capacity. This credit will reduce your minimum bill cost and lasts for 10 years from the enrollment start date (the execution of the contract), shown as execution of contract date on the Scheduled Dispatch Program (SDP) agreement. This monthly bill credit started in June 2022 for all participants and is not retroactive for energy storage systems in place before that date
3. Monthly energy bill credit for non-Net Energy Metering (NEM) program customers. Monthly export credit for non-Net Energy Metering (NEM) customers is calculated as follows: $\text{Credit} = [(\text{Sum of non-fuel energy charges and all per-kWh charges, using rates at the beginning of each calendar quarter}) - (\text{Non-NEM, Distributed Energy Resources (DER) tariff export rate per kWh})] \times \text{Committed Capacity (kW)} \times 70\% \times 2 \text{ hours} \times 30 \text{ days}$.



This fixed credit expires after three years from the enrollment start date. This credit started in July 2022 and is not retroactive for energy storage systems in place before that date. Any unused portion of the credit will be zeroed out at the end of every year. The credit is not cashable.

Example for 5kW Committed Capacity Incentives:

1. One-time check: If you commit to a 5kW capacity, you will receive a one-time payment of \$4,250. The amount is calculated as $\$850/\text{kW} * 5 \text{ kW} = \$4,250$.
2. Monthly capacity bill credit: You will get a monthly credit of \$25 (\$5 per kW) for your committed 5 kW capacity.
3. Non-NEM customers only: For non-Net Energy Metering customers, you will receive an additional credit of about \$46.20 per month. The credit is calculated as $(\$0.32 - \$0.10)/\text{kWh} * 5 \text{ kW} * 70\% * 2 \text{ hours} * 30 \text{ days}$. Please note that the specific rates used in this example are approximate and may vary.

Remember, these incentives are added to any credits you already receive from being on your respective Distributed Energy Resources (DER) program.

Q. What do I need to receive the incentive?

A. To receive the incentive, you need to meet the following criteria:

1. Be enrolled in an approved Hawaiian Electric renewable energy rate program on O'ahu and Maui (NEM/+, CGS/+, SE, CSS, SIA). (Note: Feed-in Tariff does not qualify).
2. Install a new battery for your solar system.
3. Use the battery for at least two hours every day between 6 p.m. and 8:30 p.m. The exact start time will be provided by Hawaiian Electric.
4. Provide proof of permit application from the county permitting office.
5. On Maui, submit a completed Hawaiian Electric Grant of Authority form to the county permitting office to obtain a building permit number.
6. Submit a Battery Bonus amendment in the Customer Interconnection Tool.
7. Provide seven days of operational data, as required. Follow the instructions in the Handbook for delivering verification data and use the provided Excel file to submit the data.
8. Complete an IRS W-9 Form for Owner Operator. This is required before the issuance of the incentive check. Electronic signature is encouraged using DocuSign. W-9 forms can also be printed out, signed, and mailed to: Hawaiian Electric, P. O. Box 2750, Honolulu, HI 96840, Attn: AL18-SG.

Q. When will I receive the incentive payment?

A. The incentive payment will be paid in full within 30 days of the contract execution date, as confirmed by Hawaiian Electric. The payment will be directly issued to the owner of the battery system, whether it's the home or business owner or the leasing company responsible for the solar-plus-battery system.



Q. Is the upfront payment considered income?

A. Yes, the upfront payment is considered income. Hawaiian Electric will provide participants with the necessary tax forms and report the income to the IRS and the State Department of Taxation. To comply with tax requirements, you will need to provide your TIN (SSN) to Hawaiian Electric. If the yearly incentive exceeds \$600, a W9 form is required annually.

Q. Is the upfront payment a rebate off the cost of my battery?

A. No, the upfront payment is not a rebate off the cost of your battery. It is a payment made by Hawaiian Electric to the system owner and does not directly offset the cost of the battery.

Q. Can I receive the incentive if I have an Appendix II-B system?

A. No, the incentive program requires an existing interconnection agreement with Hawaiian Electric. To be eligible, customers under the Appendix II-B system would need to sign up for a program like the Standard Interconnection Agreement. Please refer to the information provided above regarding systems installed prior to July 1, 2021.

Q. Can I receive the incentive payment for using a battery solely for emergency backup?

A. No. The incentive is specifically for a new battery that is available for use between 6 p.m. and 8:30 p.m. daily, including weekends and holidays, at a specific time determined by Hawaiian Electric. While you can utilize the battery during a power outage to supply electricity to your home or business, if grid electricity is accessible, the battery is expected to be used or export energy between 6 p.m. and 8:30 p.m.

Q. Are new battery and solar panels eligible for federal and state tax incentives?

A. It is recommended to consult with your tax adviser for information on the eligibility of new battery and solar panels for federal and state tax incentives.

PROGRAM EVENTS

Q. What is the required amount of power (kW) to be delivered during an event?

A. When filling out the amendment form, you need to specify the “committed capacity.” This means you must consistently deliver that specified amount every day for a duration of 10 years within the assigned two-hour block. You will receive an incentive payment based on the committed capacity you have specified. For example, if you have a 13.5 kWh battery and commit to delivering 5 kW for two hours (equivalent to 10 kWh), you will only receive an incentive payment for the 5 kW you have committed.

Q. How do I determine my program commitment level?

A. You can work with your contractor to determine the capacity level (measured in kW) that



you want to commit to maintaining the discharge level from your battery storage system. This commitment ensures that you can use the battery system for two consecutive hours every day. The specific dispatch period will be provided by Hawaiian Electric when you enroll in the program, and they may inform you in advance if there are any changes to the dispatch period.

Q. How can I ensure that my system is functioning correctly?

A. Your contractor will assist you in collecting seven consecutive days of operational performance data. This data will be provided to Hawaiian Electric for verification of compliance. Hawaiian Electric is required to complete the verification process within 10 business days after receiving the accurate performance data.

Q. How is my battery system programmed to meet the program requirements?

A. Your contractor will help you set up the battery storage system to discharge energy during the specified period. The discharged energy can be used for your own electricity needs or exported to the grid. To ensure proper operation, you will need to prioritize battery charging during periods of strong sunlight. The inverter's volt-watt function should be enabled to prevent energy export during circuit problems. Your contractor will assist you in managing the battery system to prioritize charging during peak solar insolation, typically around mid-day.

Q. Will my battery send power to the grid during a power outage?

A. No, your battery will not export power to the grid during a power outage. Instead, you will be able to use all the stored electricity for your own needs.

PROGRAM ELIGIBILITY AND ENROLLMENT

Q. How do I know if I am eligible?

A. You are eligible for the Battery Bonus program if you are a new or existing residential or commercial customer with rooftop solar and a battery storage system charged from on-site solar generation. This applies to customers enrolled in Hawaiian Electric's NEM, CSS, CGS, CGS+, SE, or SIA programs. Please note that projects with equipment installed prior to July 1, 2021, on O'ahu and June 1, 2022, on Maui are not eligible. If your application is pending, you can submit the amendment to connect@hawaiianelectric.com indicate that the application is pending, and describe how the battery will provide added committed capacity.

Q. When is the program available?

A. The Battery Bonus program is available on O'ahu until the total enrolled capacity reaches 40 megawatts or until the start date of the Bring Your Own Device Programs, whichever comes first. On Maui, the program is available until the enrolled capacity reaches 15 megawatts or until June 30, 2024, whichever comes first.

Q. How do I sign up?

A. To sign up, collaborate with your contractor and submit an application. The application



should include evidence of a submitted building permit, which is necessary to determine and secure your incentive payment. After your system is installed and operational, the payment will be made. You can submit your applications through the Customer Interconnection Tool on the Hawaiian Electric website. If you are an existing or new Standard Interconnection Agreement customer who wants to apply for the Battery Bonus program, please email the required forms to siainfo@hawaiianelectric.com.

Q. How long am I committed?

A. The enrollment period for Battery Bonus is a 10-year commitment. After the initial phase, which lasts for the first portion of the 10 years, customers will have two options for the remaining period: (1) continue operating their battery system under the same terms, or (2) transition to an alternative program determined by the Public Utilities Commission.

Q. Can I add more solar panels if I also install an eligible battery?

A. Yes, you can add more solar panels along with the installation of an eligible battery. As an existing customer, you can submit an SDP amendment to your existing interconnection agreement to include the new panels. However, there is a limit on the maximum allowable PV size based on the capacity (kW) of the battery. The maximum increase in PV size cannot exceed twice the capacity of the battery. For example, if you have a 12kW battery, the maximum PV size increase is 24kW. It's important to ensure that the total combined system size of your existing and amended agreement complies with the system limit size specified in the participating DER tariff.

Q. Can existing NEM+ solar panels be transferred over to NEM to participate in NEM?

A. Yes, you can withdraw from NEM+ and use your solar system (generation) for SDP generation. However, for participation in Battery Bonus, the battery must be new and not from the existing NEM+ system, and the volt-watt function must be enabled.

Q. If I have NEM and add more panels that will use a battery-backup, do I need a second meter? If not, will I receive my standard retail \$/kWh on the power I provide during that two-hour period?

A. No, a second meter is not required. Battery Bonus is an amendment to the existing agreement and not a separate program. You can remain on NEM. However, if your additional system exports more power during the middle of the day, a technical review may be necessary. There are conditions that grant automatic approval when exports occur only at peak times.

Q. How long until I know that my application has been approved?

A. Hawaiian Electric will review your application and provide a response within 30 calendar days from the date of receiving your properly completed amendment request.

Q. What is the deadline for my system to be in operation?

A. The battery storage systems must be operationalized by December 31, 2024. If the systems are not operational by then, the conditional approval becomes void, and no payment will be



issued.

Q. Can I add a battery to my existing solar system to participate?

A. Yes, you can.

Q. Can I participate by adding more solar panels to my system?

A. No, to participate, you must include a new eligible battery system.

Q. How can I determine if my new battery system is eligible?

A. Consult with your solar contractor to ensure that your new battery has the necessary capabilities to participate.

Q. How can I determine if my existing battery system has the capabilities to participate?

A. Contact your supplier or the manufacturing representative of your battery system to inquire about its capabilities and how to set it up to meet the program requirements.

Q. If I have already signed up or plan to add a battery system, will it affect my participation in other solar programs?

A. No, participating in the Battery Bonus program does not prevent you from participating in other solar programs.

COMMON CONCERNS

Q. What if there are cloudy days and my battery has not stored the full amount required to deliver the committed capacity?

A. In cases where the battery has not stored the full amount due to cloudy days, it is recommended to have a minimum ratio of 1 kW of PV generation for every 2 kWh of committed capacity. This pairing will help avoid penalties and ensure the delivery of the committed capacity on most days.

Q. Can I add additional battery capacity and reserve it for emergency backup?

A. Yes, you can add extra battery capacity and designate it specifically for emergency backup reserves.

Q. What happens if my battery system does not perform as expected?

A. If you encounter issues with your system, first check if you have a warranty or maintenance contract with your installer. If Hawaiian Electric identifies performance problems with your battery system, they may conduct a performance audit and provide written or digital notice at least seven days in advance. Your contractor will assist in gathering the required information



and ensuring proper system operation. If the battery storage system fails to perform correctly, Hawaiian Electric will notify you in writing, explaining the issue. You will then have 30 days to work with your contractor to resolve the problem. If the non-compliance persists beyond 30 days, the recipient of the one-time payment (not the contractor) may face a monthly charge of up to \$100 until the system is brought into compliance or Hawaiian Electric recovers a prorated payment amount.

Q. Can I exit the program?

A. Yes, you can exit the program by providing a 60-day notice to Hawaiian Electric. If you choose to exit, you will need to return a prorated portion of the incentive payment, determined based on the remaining period of the 10-year commitment. You can either pay the amount in full or make arrangements with the company. To terminate the contract, please complete the Notice of Termination form and submit it to batterybonus@hawaiianelectric.com.

Q. If I terminate my agreement within 60 days of enrollment, will I receive a portion of the incentive?

A. No, in order to receive a portion of the incentive, customers must remain enrolled in the Battery Bonus program for at least 61 days from the date of enrollment, as specified on page 1 of the SDP Agreement.