

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

-----In the Matter of-----  
PUBLIC UTILITIES COMMISSION  
Instituting a Proceeding to  
Investigate the Proposed Tariffs  
Filed by Hawaiian Electric  
Company, Inc., Hawaii Electric  
Light Company, Inc., and Maui  
Electric Company, Limited,  
Governing Distributed Generation  
and Other Related Matters.

DOCKET NO. 2006-0497

DECISION AND ORDER NO. 23562

Filed July 27, 2007  
At 11 o'clock A.M.

Karen Higashi.  
Chief Clerk of the Commission

DIV. OF CONSUMER ADVOCACY  
DEPT. OF ISLAND AND  
CONSUMER AFFAIRS  
STATE OF HAWAII

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KAREN HIGASHI  
Chief Clerk, Public Utilities  
Commission, State of Hawaii.

Karen Higashi.

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OF THE STATE OF HAWAII

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Electric Company, Limited,	)	
Governing Distributed Generation	)	
and Other Related Matters.	)	
	)	

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DECISION AND ORDER

By this Decision and Order,<sup>1</sup> the commission declines to adopt, at this time, the federal interconnection standards set forth in Section 2621(d)(15) of the Public Utility Regulatory Policies Act of 1978 ("PURPA"), as amended by the Energy Policy

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<sup>1</sup>The Parties in this proceeding are HAWAIIAN ELECTRIC COMPANY, INC. ("HECO"), HAWAII ELECTRIC LIGHT COMPANY, INC. ("HELCO"), and MAUI ELECTRIC COMPANY, LIMITED ("MECO") (collectively, the "HECO Companies"); HAWAII RENEWABLE ENERGY ALLIANCE ("HREA"); CHAPEAU, INC., dba BLUEPOINT ENERGY ("BluePoint Energy"), STARWOOD HOTELS AND RESORTS WORLDWIDE, INC. ("Starwood Resorts"), and the HAWAII HEALTH SYSTEMS CORPORATION ("HHSC") (collectively, the "BluePoint Energy Intervenors"); JW MARRIOTT IHILANI RESORT & SPA, WAIKOLOA MARRIOTT BEACH RESORT & SPA, MAUI OCEAN CLUB, and WAILEA MARRIOTT (collectively, the "Marriott Intervenors"); KAHALA SENIOR LIVING COMMUNITY, INC. ("Kahala SLC"); the UNITED STATES COMBINED HEAT AND POWER ASSOCIATION ("USCHPA"); and the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy ("Consumer Advocate"), an ex officio party to this proceeding, pursuant to Hawaii Revised Statutes § 269-51 and Hawaii Administrative Rules ("HAR") § 6-61-62(a).

Act of 2005 ("EPACT") ("PURPA interconnection standards"), for the HECO Companies.<sup>2</sup>

I.

Background

HECO, HELCO, and MECO are the franchised providers of electric utility service on the islands of Oahu (HECO), Hawaii (HELCO), Lanai, Maui, and Molokai (MECO). The power systems on each of these islands are stand-alone systems that are not interconnected with power systems on the other islands.

Sections 2621(d)(15) and 2622(b)(5) of PURPA, as amended by the EPACT, require the commission to: (1) commence consideration of the PURPA interconnection standards, no later than August 8, 2006; and (2) complete its consideration of the PURPA interconnection standards issue by August 7, 2007.<sup>3</sup> The PURPA interconnection standards adopt by reference the Institute of Electrical and Electronics Engineers, Inc.'s ("IEEE") Standard 1547, Standard of Interconnecting Distributed Resources with Electric Power Systems ("Standard 1547"), "as they may be amended from time to time."<sup>4</sup>

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<sup>2</sup>This Decision and Order timely addresses the PURPA interconnection standards issue, as mandated by federal law. Commission action on the other remaining issues, i.e., whether the HECO Companies' proposed interconnection and standby service tariffs are just and reasonable, is deferred to future decision-making. Presently, the Parties' deadline to submit their proposed stipulation (procedural or substantive) on the interconnection and standby service tariffs is August 10, 2007.

<sup>3</sup>16 U.S.C. §§ 2621(d)(15) and 2622(b)(5).

<sup>4</sup>16 U.S.C. § 2621(d)(15).

A.

Docket No. 02-0051

The HECO Companies' existing interconnection tariff, Rule 14H, Interconnection of Distributed Generating Facilities Operating in Parallel with the Company's Electric System ("Rule 14H"), first approved by the commission in November 2002, results from the commission's extensive review and decision-making in In re Hawaiian Elec. Co., Inc., Hawaii Elec. Light Co., Inc., and Maui Elec. Co., Ltd., Docket No. 02-0051.<sup>5</sup>

The HECO Companies' commission-approved Rule 14H consists of: (1) the text of Rule 14H; (2) Appendix I, Distributed Generating Facility Interconnection Standards Technical Requirements; (3) Appendix II, a Standard Interconnection Agreement; and (4) Appendix III, the Interconnection Overview Process.

Since 2003, the HECO Companies have filed quarterly and annual status reports with the commission and the Consumer Advocate in Docket No. 02-0051, under partial confidential seal, describing their efforts in executing interconnection agreements with non-utility generators. These status reports reveal that the HECO Companies have executed

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<sup>5</sup>See Docket No. 02-0051, Decision and Order No. 19773, filed on November 15, 2002; Decision and Order No. 20056, filed on March 6, 2003; and Order No. 20220, filed on May 30, 2003. The commission's discussion of the HECO Companies' Rule 14H in Docket No. 02-0051 is incorporated by reference herein, to the extent applicable. See also In re Hawaiian Elec. Co., Inc., Hawaii Elec. Light Co., Inc., and Maui Elec. Co., Ltd., Docket No. 05-0037 (consolidated), Decision and Order No. 21877, filed on June 17, 2005 (inclusion of the cross-reference to Rule 18, Net Energy Metering, in Rule 14H).

interconnection agreements with numerous distributed generation customers.<sup>6</sup>

B.

Docket No. 03-0371

By Decision and Order No. 22248, filed on January 27, 2006, in In re Public Util. Comm'n, Docket No. 03-0371, the commission's distributed generation investigative proceeding, the commission "set forth certain policies and principles for the deployment of distributed generation in Hawaii and certain guidelines and requirements for distributed generation, some of which will be further defined by tariff as approved by the commission."<sup>7</sup> On April 6, 2006, the commission: (1) granted in part and denied in part the motion for clarification filed by the HECO Companies; and (2) denied the HECO Companies' motion for partial reconsideration.<sup>8</sup>

Decision and Order No. 22248 sets forth certain requirements for the electric utilities, including the requirement that the utilities file proposed interconnection and

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<sup>6</sup>Some of the identities of the distributed customer-generators are filed under confidential seal. According to the most recent annual report, filed on January 31, 2007, HECO, HELCO, and MECO had no existing distributed generation customers without an executed interconnection agreement.

<sup>7</sup>Decision and Order No. 22248, filed on January 27, 2006, at 1. The parties in Docket No. 03-0371 are the HECO Companies, Kauai Island Utility Cooperative ("KIUC"), the Consumer Advocate, Life of the Land, HREA, Hess Microgen, LLC, and the County of Maui. The County of Kauai is the sole participant.

<sup>8</sup>Order No. 22375, filed on April 6, 2006.

standby service tariffs for the commission's review and approval.

With respect to the interconnection process, the commission held:

4. The commission requires that each utility establish reliability and safety requirements, by proposed tariff for approval by the commission, for distributed generation that is connected to the electric utility's distribution system.

5. The commission requires that each utility establish a non-discriminatory interconnection policy, by proposed tariff for approval by the commission, that entitles distributed generation to interconnect when it can be done safely, reliably, and economically. The commission also requires the utilities to develop a standardized interconnection agreement, by proposed tariff for approval by the commission, to streamline the distributed generation application review process and eliminate long lead times that may lead to cancellation of a beneficial project, as more particularly described above.

. . . . .

8. The HECO [Companies] shall be allowed to continue to utilize interconnection tariff Rule 14.H. until new amendments are approved by the commission.

. . . . .

11. To the extent any existing tariff or other regulatory provisions are applicable to any of the additional tariffs required to be developed by the commission in this Decision and Order, the utility shall be allowed to propose amendments to the same, as appropriate. The utility shall also be permitted to propose to the commission for its consideration other means that may be more efficient and appropriate, in lieu of a tariff, by which to accomplish the principles and policies established by the commission in this Decision and Order.

Decision and Order No. 22248, Ordering Paragraphs 4, 5, 8, and 11, at 46 - 48 (emphasis added).

On July 27, 2006, the HECO Companies filed proposed revisions to Rule 14H. On August 8, 2006, the commission solicited comments from the parties and participant on whether the commission should adopt, modify, or decline to adopt in whole or part, the PURPA interconnection standards, including the extent to which the electric utilities have already met the PURPA interconnection standards. On August 28, 2006, the HECO Companies filed their proposed standby service tariffs.<sup>9</sup>

On September 8, 2006, the HECO Companies and the Consumer Advocate filed their comments on the PURPA interconnection standards issue. The HECO Companies recommended that the commission decline to adopt the PURPA interconnection standards. The Consumer Advocate stated that it was unable to offer specific recommendations as to what modifications should be made to adopt IEEE Standard 1547 to meet Hawaii's needs.

In addition, HREA, the Consumer Advocate, and the County of Maui filed their comments on the HECO Companies' proposed revisions to Rule 14H and the proposed standby service tariffs.<sup>10</sup> Moreover, the commission received unsolicited comments

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<sup>9</sup>HELCO presently has a Standby Rider A. See Decision and Order No. 22248, at 41 - 42 n.64. For the HECO Companies: (1) HECO proposes a standby service tariff; (2) HELCO proposes to revise its existing standby service tariff (from Rider A to Schedule SS); and (3) MECO proposed separate standby service tariffs for its Lanai, Maui, and Molokai divisions.

<sup>10</sup>On September 8, 2006, HREA commented on the HECO Companies' proposed revisions to Rule 14H. On October 3, 2006, the Consumer Advocate commented on the HECO Companies' proposed standby service tariffs and the proposed revisions to Rule 14H. On October 4, 2006, the County of Maui commented on the HECO Companies' proposed standby service tariffs. On November 3, 2006, the Consumer Advocate provided further comments on the HECO Companies' proposed tariffs.

on the HECO Companies' proposed standby service tariffs from third-persons who were not parties or participants to the proceeding. The non-parties, in general, requested hearings on the proposed standby service charges, and the opening of a new standby service docket so that all interested stakeholders would have the opportunity to participate.

C.

Docket No. 2006-0497

As a result of the concerns raised by the interested, non-party stakeholders, the commission, on December 28, 2006, opened this investigative proceeding to review and address: (1) the proposed interconnection and standby service tariffs filed by the HECO Companies in Docket No. 03-0371; and (2) the PURPA interconnection standards issue.<sup>11</sup> The commission named the

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<sup>11</sup>Order No. 23171, filed on December 28, 2006. Docket No. 2006-0497, in effect, supersedes Docket No. 03-0371.

The issues identified by the commission in Order No. 23171 include:

. . . . .

2. Whether the HECO [Companies'] proposed revisions to their existing interconnection tariffs are just and reasonable and consistent in principle with the guidelines and requirements set forth in Decision and Order No. 22248, filed in Docket No. 03-0371, as clarified by Order No. 22375, filed in the same docket.

3. Whether the commission should adopt, modify, or decline to adopt in whole or in part, the PURPA interconnection standards, including the extent to which the HECO [Companies'] have already met the PURPA interconnection standards.

Order No. 23171, at 9 (emphasis added).



HECO Companies and the Consumer Advocate as parties to Docket No. 2006-0497, and invited interested persons to timely move to intervene or participate.

Thereafter, following public notice and the completion of public hearings,<sup>12</sup> the commission, on April 19, 2007, granted intervention to HREA, the BluePoint Energy Intervenors, the Marriott Intervenors, Kahala SLC, and USCHPA.<sup>13</sup>

By letter June 22, 2007, the Parties: (1) waived their right to a hearing on the PURPA interconnection standards issue; and (2) recommended that the commission decline to adopt the PURPA interconnection standards.<sup>14</sup> On June 28, 2007, the commission: (1) approved the Parties' waiver of hearing on the PURPA interconnection standards issue; and (2) instructed the Parties to jointly file, by July 10, 2007, a statement outlining the reasons in support of their recommendation that the commission decline to adopt the PURPA interconnection standards.<sup>15</sup> On July 10, 2007, the Parties filed their joint statement, in compliance with the commission's directive.<sup>16</sup>

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<sup>12</sup>The notice of public hearings was published in The Garden Island, Hawaii Tribune-Herald, Honolulu Star-Bulletin, The Maui News, and West Hawaii Today, and public hearings were held during February and March 2007, on Oahu, Hawaii (Hilo and Kona), Maui, Molokai, and Lanai.

<sup>13</sup>Order No. 23373, filed on April 19, 2007.

<sup>14</sup>Parties' joint letter, dated June 22, 2007.

<sup>15</sup>Order No. 23521, filed on June 28, 2007.

<sup>16</sup>Parties' joint letter, dated July 10, 2007.

D.

Parties' Position

With respect to the PURPA interconnection standards issue, the Parties, in their joint statement, represent:

In discussions with the parties on this matter at the June 20, 2007 technical meeting regarding the PURPA interconnection standards, the HECO Companies emphasized that the suitability of interconnection standards adopted by IEEE or other recognized standard setting groups needs to be evaluated in the context of the size and non-interconnected nature of the HECO Companies' individual island electric systems. The HECO Companies explained that there are unique aspects to the individual electric systems that may not be addressed in sufficient detail by interconnection standards adopted by IEEE or other recognized standard setting groups. The HECO Companies intend to maintain consistency between their requirements for interconnection of distributed generating facilities and IEEE interconnection standards to the extent feasible, considering the specific design and operating requirements of [the] HECO Companies' electric systems. The HECO Companies will evaluate future revisions to IEEE standards related to interconnection of distributed generation facilities, if any, and update their Rule 14H interconnection tariff, as appropriate. These issues are currently under discussion in the technical meetings, and all parties reserve the right to address these issues, as well as any proposed future revisions, consistent with the established procedural schedule and/or the Commission's rules and regulations.

The parties at the June 20, 2007 technical meeting acknowledged that the unique nature of the HECO Companies' individual electric systems, relative to interconnected mainland-type electric systems, should be taken into consideration in the adoption of IEEE interconnection standards. Accordingly, the parties reached agreement on a joint recommendation that the Commission decline to adopt the PURPA interconnection standards. The parties concurred that the interconnection tariff ultimately approved by the Commission as a result of this proceeding will address interconnection matters specific to Hawaii in a comprehensive manner and will specify the terms

and conditions for interconnection service as contemplated by the proposed PURPA interconnection standards. Thus, there is no need to adopt the specific wording in the PURPA interconnection standards (or to modify them to allow for Hawaii-specific conditions to be considered). Of course, this does not preclude the parties from recommending that the Commission incorporate standards that are similar to the PURPA standards into the standards ultimately approved by the Commission in this proceeding.

For the reasons provide[d] herein, the parties' joint recommendation is that the Commission decline to adopt the PURPA interconnection standards.

See Parties' joint letter, dated July 10, 2007, at 3 - 5 (footnote and text therein omitted) (emphasis added); see also Parties' joint letter, dated June 22, 2007, at 2.

## II.

### Discussion

Sections 2621 and 2622 of PURPA, as amended by the EPACT, state in relevant part:

#### **§ 2621. Consideration and determination respecting certain ratemaking standards**

##### **(a) Consideration and determination**

Each state regulatory authority (with respect to each electric utility for which it has ratemaking authority) and each nonregulated electric utility shall consider each standard established by subsection (d) of this section and make a determination concerning whether or not it is appropriate to implement such standard to carry out the purposes of this chapter. For purposes of such consideration and determination in accordance with subsections (b) and (c) of this section, and for purposes of any review of such consideration and determination in any court in accordance with section 2633 of this title, the purposes of this chapter supplement otherwise applicable State law. Nothing in this subsection prohibits any State regulatory authority or nonregulated electric

utility from making any determination that it is not appropriate to implement any such standard, pursuant to its authority under otherwise applicable State law.

**(b) Procedural requirements for consideration and determination**

(1) The consideration referred to in subsection (a) of this section shall be made after public notice and hearing. The determination referred to in subsection (a) of this section shall be -

(A) in writing,

(B) based upon findings included in such determination and upon the evidence presented at the hearing, and

(C) available to the public.

(2) Except as otherwise provided in paragraph (1), in the second sentence of section 2622(a) of this title, and in sections 2631 and 2632 of this title, the procedures for the consideration and determination referred to in subsection (a) of this section shall be those established by the State regulatory authority or the nonregulated electric utility.

**(c) Implementation**

(1) The State regulatory authority (with respect to each electric utility for which it has ratemaking authority) or nonregulated electric utility may, to the extent consistent with otherwise applicable State law -

(A) implement any such standard determined under subsection (a) of this section to be appropriate to carry out the purposes of this chapter, or

(B) decline to implement any such standard.

(2) If a State regulatory authority (with respect to each electric utility for which it has ratemaking authority) or nonregulated electric utility declines to implement any standard established by subsection (d) of this section which is determined under subsection (a) of this section to be appropriate to carry out the purposes of this chapter, such authority or nonregulated electric utility shall state in

writing the reasons therefor. Such statement of reasons shall be available to the public.

. . . . .

**(d) Establishment**

The following Federal standards are hereby established:

. . . . .

**(15) Interconnection**

Each electric utility shall make available, upon request, interconnection service to any electric consumer that the electric utility serves. For purposes of this paragraph, the term "interconnection service" means service to an electric consumer under which an on-site generating facility on the consumer's premises shall be connected to the local distribution facilities. Interconnection services shall be offered based upon the standards developed by the Institute of Electrical and Electronics Engineers: IEEE Standard 1547 for Interconnecting Distributed Resources with Electric Power Systems, as they may be amended from time to time. In addition, agreements and procedures shall be established whereby the services are offered shall promote current best practices of interconnection for distributed generation, including but not limited to practices stipulated in model codes adopted by associations of state regulatory agencies. All such agreements and procedures shall be just and reasonable, and not unduly discriminatory or preferential.

**§ 2622. Obligations to consider and determine**

. . . . .

**(b) Time limitations**

. . . . .

**(5)(A)** Not later than 1 year after August 8, 2005, each State regulatory authority (with respect to each electric utility for which it has ratemaking authority) and each nonregulated utility shall commence the consideration referred to in section 2621 of this title, or set a hearing date for consideration, with respect to the standard

established by paragraph (15) of section 2621(d) of this title.

(B) Not later than two years after August 8, 2005, each State regulatory authority (with respect to each electric utility for which it has ratemaking authority), and each nonregulated electric utility, shall complete the consideration, and shall make the determination, referred to in section 2621 of this title with respect to each standard established by paragraph (15) of section 2621(d) of this title.

16 U.S.C. §§ 2621 and 2622 (boldface in original) (emphasis added).

IEEE Standard 1547 consists of sections identified as Overview (Section 1), References (Section 2), Definitions and acronyms (Section 3), Interconnection technical specifications and requirements (Section 4), and Interconnection test specifications and requirements (Section 5).<sup>17</sup>

In general, IEEE Standard 1547: (1) establishes criteria and requirements governing the interconnection of distributed resources with electric power systems; and (2) provides a uniform standard for the interconnection of distributed resources with electric power systems.<sup>18</sup> As described in the preamble to IEEE Standard 1547:

**Abstract:** This standard is the first in the 1547 series of interconnection standards and is a benchmark milestone demonstrating the open consensus process for standards development. Traditionally, utility electric power systems (EPS - grid or utility grid) were not designed to accommodate active generation and storage at the distribution level. As a result, there are major

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<sup>17</sup>The preamble to the IEEE Standard 1547 includes an abstract and disclaimer. See IEEE Standard 1547, at ii - iii.

<sup>18</sup>IEEE Standard 1547, Section 1 and sub-sections 1.1 and 1.2, at 1.

issues and obstacles to an orderly transition to using and integrating distributed power resources with the grid. The lack of uniform national interconnection standards and tests for interconnection operation and certification, as well as the lack of uniform national building, electrical, and safety codes, are understood. IEEE Std 1547 and its development demonstrate a model for ongoing success in establishing additional interconnection agreements, rules, and standards, on a national, regional, and state level. IEEE Std 1547 has the potential to be used in federal legislation and rule making and state public utilities commission (PUC) deliberations, and by over 3000 utilities in formulating technical requirements for interconnection agreements for distributed generators powering the electric grid.

This standard focuses on the technical specifications for, and testing of, the interconnection itself. It provides requirements relevant to the performance, operation, testing, safety considerations, and maintenance of the interconnection. It includes general requirements, response to abnormal conditions, power quality, islanding, and test specifications and requirements for design, production, installation evaluation, commissioning, and periodic tests. The stated requirements are universally needed for interconnection of distributed resources (DR), including synchronous machines, induction machines, or power inverters/converters and will be sufficient for most installations. The criteria and requirements are applicable to all DR technologies, with aggregate capacity of 10 [megavolt amperes] or less at the point of common coupling, interconnected to electric power systems at typical primary and/or secondary distribution voltages. Installation of DR on radial primary and secondary distribution systems is the main emphasis of this document, although installation of DR on primary and secondary network distribution systems is considered. This standard is written considering that the DR is a 60 [hertz] source.

IEEE Standard 1547, at ii.

The commission recognizes that IEEE Standard 1547 represents a uniform standard for interconnecting distributed

resources with electric power systems. Nonetheless, the use of an IEEE Standard, including Standard 1547, is voluntary.<sup>19</sup>

In this regard:

PURPA state[s] that "each state regulatory authority (with respect to each electric utility for which it has ratemaking authority) and each nonregulated electric utility shall consider each standard" and then "make a determination concerning whether or not it is appropriate to implement such a standard" (PURPA section 111(a)). PURPA also states that "nothing in this subsection prohibits any state regulatory authority or nonregulated electric utility from making any determination that it is not appropriate to implement any such standard" (PURPA section 111(a)).

From this language it is clear that while state commissions and unregulated utilities are required to consider the standards, they are not required to adopt them. PURPA also states that state commissions and utilities may implement any standard, decline to implement any standard, or adopt different or modified standards from those described in the statute (PURPA section 117(b)). However, if they decline, they are required to state in writing the reason for their decision and make that statement available to the public (PURPA section 111(c)). State commissions and utilities may also take into account prior determination on the standards if it complies with the requirement of Title I of PURPA (PURPA section 112(a)).

Kenneth Rose & Karl Meeusen, Reference Manual and Procedures for Implementation of the "PURPA Standards" in the Energy Policy

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<sup>19</sup>IEEE Standard 1547, at iii. Moreover, "[t]he existence of an IEEE Standard does not imply that there are no other ways to produce, test, measure, purchase, market, or provide other goods and services related to the scope of the IEEE Standard. Furthermore, the viewpoint expressed at the time a standard is approved and issued is subject to change brought about through developments in the state of the art and comments received from users of the standard." Id.



Act of 2005, Mar. 22, 2006 ("2006 Reference Manual"), at 8 (footnote and text therein omitted) (emphasis added).<sup>20</sup>

Pending further discussions on the proposed revisions to Rule 14H, the Parties unanimously recommend that the commission decline to adopt the PURPA interconnection standards. The commission accepts the Parties' recommendation, and thus, declines to adopt, at this time, the PURPA interconnection standards for the HECO Companies.<sup>21</sup>

Here, the HECO Companies' existing Rule 14H does not cite or refer to IEEE Standard 1547.<sup>22</sup> Instead, the Parties in this proceeding are in the midst of discussing and attempting to reach consensus on revisions to Rule 14H that comply with the applicable guidelines and requirements set forth in Decision and Order No. 22248, filed in Docket No. 03-0371, as clarified by Order No. 22375.<sup>23</sup> This approach involves the collaborative

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<sup>20</sup>The 2006 Reference Manual is sponsored by the American Public Power Association, Edison Electric Institute, National Association of Regulatory Utility Commissioners, and the National Rural Electric Cooperative Association. The 2006 Reference Manual affirmatively takes no position on whether or not to adopt the PURPA interconnection standards. See 2006 Reference Manual, Section 7, Interconnection, at 94 - 99.

<sup>21</sup>Consistent with Section 2621(d)(15) of PURPA, as amended by the EPACT, the commission is not precluded from adopting, in the future, a later edition of IEEE Standard 1547, "as they may be amended from time to time." See 16 U.S.C. § 2621(d)(15).

<sup>22</sup>Rule 14H initially took effect in November 2002, and was subsequently amended in March and May 2003. See Docket No. 02-0051. Standard 1547, by contrast, was approved by the IEEE in July 2003.

<sup>23</sup>See Parties' joint letter, dated June 22, 2007; and Parties' joint letter, dated July 10, 2007. To-date, the Parties have: (1) informally exchanged comments and proposals; and (2) participated in two technical meetings. One or more additional technical meetings are also scheduled.

efforts of a broad cross-section of interested stakeholders. Specifically, the HECO Companies, Consumer Advocate, potential and current distributed generation customers (HHSC, Kahala SLC, the Marriott Intervenors, and Starwood Resorts), a vendor of distributed generation systems (BluePoint Energy), a national combined heat and power organization (USCHPA), and a local non-profit, renewable energy organization (HREA).

As recognized by the interested stakeholders, the decision on whether to unilaterally adopt IEEE Standard 1547 must take into consideration the size and non-interconnected nature of the HECO Companies' individual electric systems, relative to interconnected mainland-type electric systems. In effect, IEEE Standard 1547 may not meet Hawaii's specific needs at this time. Instead, the interested stakeholders concur that "the interconnection tariff ultimately approved by the Commission as a result of this proceeding will address interconnection matters specific to Hawaii in a comprehensive manner and will specify the terms and conditions for interconnection service as contemplated by the . . . PURPA interconnection standards."<sup>24</sup>

In sum, based on the foregoing reasons, the commission declines to adopt, at this time, the PURPA interconnection

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As articulated by the commission in Docket No. 03-0371, the "standardized [interconnection] agreements should incorporate specific interconnection standards adopted by [IEEE] or other recognized standard-setting groups[.]" Docket No. 03-0371, Decision and Order No. 22248, at 36 (emphasis added).

<sup>24</sup>Parties' joint letter, dated July 10, 2007, at 4 (emphasis added); see also Parties' joint letter, dated June 22, 2007, at 2.

standards for the HECO Companies.<sup>25</sup> Concomitantly, this decision "does not preclude the parties from recommending that the Commission incorporate standards that are similar to the PURPA standards into the standards ultimately approved by the Commission in this proceeding."<sup>26</sup>

### III.

#### Order

THE COMMISSION DECLINES to adopt, at this time, the federal interconnection standards set forth in Section 2621(d)(15) of PURPA, as amended by the EPACT, for the HECO Companies.

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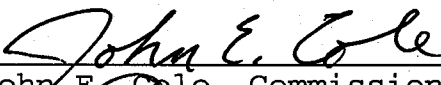
<sup>25</sup>The commission's action of declining to adopt a PURPA standard is not without precedent. See, e.g., In re Public Util. Comm'n, Docket No. 94-0203, Decision and Order No. 14454, filed on January 12, 1996 (the commission declined to adopt any of the standards set forth in section 111 of PURPA, as amended by the Energy Policy Act of 1992, finding that the IRP Framework already incorporated the energy efficiency standards set forth in section 111 of PURPA, as amended); and In re Public Util. Comm'n, Docket No. 94-0204, Decision and Order No. 13632, filed on November 2, 1994 (the commission declined to adopt the gas efficiency standards set forth in section 303(b) of PURPA, as established by section 115 of the Energy Policy Act of 1992, finding that the IRP Framework already incorporated the new federal gas standards).

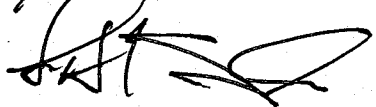
<sup>26</sup>Parties' joint letter, dated July 10, 2007, at 4.

DONE at Honolulu, Hawaii JUL 27 2007.


PUBLIC UTILITIES COMMISSION  
OF THE STATE OF HAWAII

By   
Carlito P. Caliboso, Chairman

By   
John E. Cole, Commissioner

By   
Leslie H. Kondo, Commissioner

APPROVED AS TO FORM:

  
Michael Azama  
Commission Counsel

2006-0497.ah

CERTIFICATE OF SERVICE

I hereby certify that I have this date served a copy of the foregoing Decision and Order No. 23562 upon the following persons, by causing a copy hereof to be mailed, postage prepaid, and properly addressed to each such person.

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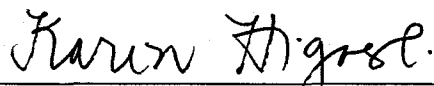
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