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February 27, 2015

**Purpose:** To address the present matter concerning residential interconnections and to avoid future unilateral action by the HECO Companies<sup>1</sup> regarding the issuance of letters of general application relating to the denial or delay of interconnection of residential rooftop photovoltaic ("PV") systems to the grid, the undersigned agree to the following:

1. The HECO Companies' request to act within sixty (60) days on the "Hawaiian Electric Companies' Motion For Approval Of NEM Program Modification And Establishment Of Transitional Distributed Generation Program Tariff, Appendices 1 To 5 And Certificate Of Service," filed January 20, 2015, is deferred and will be further addressed in Docket No. 2014-0192.

The HECO Companies understand that issues concerning the NEM program engender a great deal of debate among interested parties. The chair is appreciative of the efforts of all parties, including the HECO Companies, to work to resolve these and other complex issues over the past few years. Nevertheless, the undersigned agree that resolution of the NEM issues cannot be achieved within a sixty (60) day period if all interested parties are to be provided with an adequate opportunity to address these issues.

2. With respect to current commission interconnection policy, stated simply, the policy is that the HECO Companies have an affirmative duty to interconnect a potential customer pursuant to existing statutory requirements, commission orders, and the utility's tariff where that project does not affect circuit or system level security and reliability. As the commission has stated in Order No. 32053 addressing the work product of the Reliability Standards Working Group ("RSWG"):

Notwithstanding expansion of distribution circuit capacity to accommodate more solar PV systems, system level reliability, curtailment and operational challenges on each island grid, not individual, distribution circuit penetration levels, will ultimately become the binding constraint, and thus limit the cumulative amount of customer solar PV capacity that can be interconnected to, and the amount of energy that can be exported onto, the grid.<sup>2</sup>

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<sup>1</sup>HAWAIIAN ELECTRIC COMPANY, INC., HAWAII ELECTRIC LIGHT COMPANY, INC., MAUI ELECTRIC COMPANY, LIMITED, are collectively referred to as the "HECO Companies" or the "Hawaiian Electric Companies").

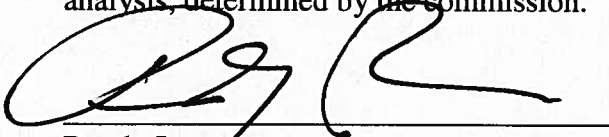
<sup>2</sup>"Order No. 32053, Ruling On RSWG Work Product," Docket No. 2011-0206, filed April 28, 2014, at 39-40 ("Order No. 32053").

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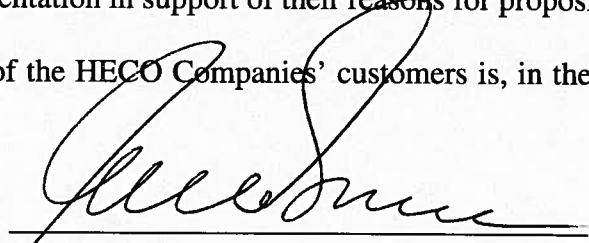
However, in those cases where the HECO Companies determine that a proposed PV interconnection will impact circuit or system level security and reliability, the HECO Companies must fully document their reasons for denying the application.

3. Future letters of general application, if any, relating to the denial or delay of interconnection of residential rooftop photovoltaic ("PV") systems to the grid, shall first be submitted to the Public Utilities Commission of the State of Hawaii ten (10) business days prior to the proposed issuance date with full documentation in support of their reasons for proposing to issue the letter.

4. What is in the "best interest" of the HECO Companies' customers is, in the final analysis, determined by the commission.



Randy Iwase  
Chair, Public Utilities Commission  
of the State of Hawaii



Alan Oshima  
President and CEO, Hawaiian Electric Co., Inc.

Dated: February 27, 2015