

Honolulu, Hawaii

MAR 24 2006

RE: H.B. No. 2175  
H.D. 2  
S.D. 1

Honorable Robert Bunda  
President of the Senate  
Twenty-Third State Legislature  
Regular Session of 2006  
State of Hawaii

Sir:

Your Committees on Energy, Environment, and International Affairs and Commerce, Consumer Protection, and Housing, to which was referred H.B. No. 2175, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

beg leave to report as follows:

The purpose of this measure is to provide a framework for energy self-sufficiency, focusing on the use of energy efficiency and renewable energy resources in state facilities, vehicles, and equipment, and in public schools. The measure also establishes a renewable energy technologies income tax credit, priority permitting for renewable energy projects at the county level, and a solar water heating "pay as you save" program.

The Department of Business, Economic Development and Tourism, the Department of Accounting and General Services, the Department of Education, the Office of Hawaiian Affairs, the American Institute of Architects Hawaii State Council, Honolulu Seawater Air Conditioning LLC, the Rocky Mountain Institute, the American Chemistry Council, the American Forest and Paper Association, the Hawaiian Electric Company and its subsidiaries, Hawaii Electric Light Company and Maui Electric Company; the Hawaii Energy Policy Forum; The Gas Company, Inter-Island Solar Supply, the Hawaii Association of Realtors, the Hawaii Solar Energy Association, PowerLight Solar Electric Systems, R & R Solar Supply, the Sierra Club Hawaii Chapter, and the Hawaii Renewable Energy Alliance submitted testimony in support of this measure. The Governor, the



Department of Commerce and Consumer Affairs, the Department of Taxation, the Public Utilities Commission, the Tax Foundation of Hawaii, the Hawaii Carpenters Union, and Life of the Land submitted comments.

Your Committees find that increased energy efficiency and use of renewable energy resources will decrease Hawaii's dependence upon oil, achieving broad societal benefits, including increased energy security, resistance to increases in oil prices, environmental sustainability, economic development and job creation.

Your Committees amended this measure by:

- (1) Increasing the renewable energy technologies income tax credit for certain solar thermal and photovoltaic energy systems and removing the sunset date for the tax credits;
- (2) Retaining the current renewable energy technologies income tax credits for wind-powered energy systems;
- (3) Adding a lapsing provision to Part II;
- (4) Expanding the energy efficiency standards to include, in addition to the Leadership in Energy and Environmental Design silver standard, the Two Green Globes rating system or another comparable state-approved, nationally recognized, and consensus-based guideline, standard, or system; and providing an exception for instances when the guideline, standard, or system interferes or conflicts with the use of the building or facility as an emergency shelter;
- (5) Amending section 36-41, Hawaii Revised Statutes (HRS), to change the term "energy performance contract" to "energy-savings contract" to conform to the changes made to chapter 196, HRS;
- (6) Adding language to clarify that the general obligation bonds are for the purpose of carrying out part III regarding energy efficiency for state facilities, vehicles, and equipment under the control of the Department of Accounting and General Services and under



the control of the Department of Education,  
respectively;

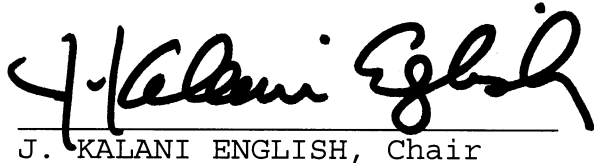
- (7) Adding a Part VI to include the establishment of a Hawaii renewable hydrogen program and hydrogen investment capital special fund and to provide appropriations therefor;
- (8) Defecting the effective date to July 1, 2050, to encourage further discussion; and
- (9) Making technical, non-substantive changes for clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Energy, Environment, and International Affairs and Commerce, Consumer Protection, and Housing that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 2175, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2175, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on  
behalf of the members of the  
Committees on Energy,  
Environment, and International  
Affairs and Commerce, Consumer  
Protection, and Housing,



RON MENOR, Chair



J. KALANI ENGLISH, Chair





The Senate  
Twenty-Third Legislature  
State of Hawaii

Record of Votes of the  
Committee on Commerce, Consumer Protection and Housing  
(Bills and Resolutions)

Measure:* <b>HB 2175 HD2</b>	Committee Referral: <b>EIA/CPH, WAM</b>	Date: <b>3/23/06</b>		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is to: <input type="checkbox"/> Pass, unamended (2312) <input checked="" type="checkbox"/> Pass, with amendments (2311) <input type="checkbox"/> Hold (2310) <input type="checkbox"/> Recommit (2313)				
Members	Ayes	Ayes(WR)	Nays	Excused
MENOR, Ron (C)	✓			
BAKER, Rosalyn H. (VC)	✓			
ESPERO, Will	✓			
IGE, David Y.	✓			
SAKAMOTO, Norman	✓			
HOGUE, Bob				✓
TOTAL	5	—	—	1
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution:             Original     Yellow     Pink     Goldenrod File with Committee Report     Clerk's Office     Drafting Agency     Committee File Copy				

\*Do not list more than one measure per Record of Votes.