

Honolulu, Hawaii

APR 28 , 2006

RE: S.B. No. 2957
S.D. 2
H.D. 2
C.D. 1

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

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Third State Legislature
Regular Session of 2006
State of Hawaii

Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 2957, S.D. 2, H.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to provide one segment of a larger comprehensive set of proposals to assist the State in achieving energy self-sufficiency.

This is an omnibus energy package, the original contents of which were divided between this measure and H.B. No. 2175, H.D. 2, S.D. 2, C.D. 1, after agreement by your Committee on Conference.

In its current version, this measure will:



- (1) Increase renewable energy technology tax credits for certain energy systems and remove the tax credit's January 1, 2008, sunset date;
- (2) Authorize the issuance of general obligation bonds for the development and implementation of a photovoltaic, net energy metered system pilot project in public schools;
- (3) Update the State's energy policy to promote state use of green building practices for the construction or substantial renovation of state-funded buildings, energy and water efficiency practices, life cycle cost-benefit analysis, fuel-efficient vehicles, alternate fuels, and energy-savings contracts;
- (4) Require the State's Energy Resources Coordinator to establish benchmarks and evaluate the State's progress in incorporating energy efficiency and conservation measures and to make recommendations on how and when to conduct periodic energy audits;
- (5) Authorize the issuance of general obligation bonds to fund energy efficiency initiatives for state facilities, vehicles, and equipment;
- (6) Appropriate funds to hire a full-time energy conservation coordinator position position to address energy efficiency in Department of Education facilities;
- (7) Appropriate funds to hire a full-time energy-efficiency coordinator position within the Department of Business, Economic Development, and Tourism;
- (8) Accelerate the timetable to phase-in energy-efficient vehicles into the State's motor vehicle fleet;
- (9) Require the counties to establish a procedure for priority processing of permit applications for construction projects incorporating energy and environmental design building standards;
- (10) Establish a biofuel preference in Hawaii's procurement law;



- (11) Establish a Hawaii Renewable Hydrogen Program and Hydrogen Investment Capital Special Fund and appropriate funds for the hydrogen program and the special fund;
- (12) Appropriate funds to conduct a statewide multi-fuel biofuels production assessment of potential feedstocks and technologies;
- (13) Appropriate funds to provide assistance to the agricultural community interested in developing energy projects, especially for the production of biodiesel from energy crops and cellulosic ethanol from agricultural waste streams;
- (14) Appropriate funds for the Hawaii Natural Energy Institute to hire one full-time hydrogen system program manager; and
- (15) Require the Public Utilities Commission to implement a "pay as you save" pilot program to help residents purchase energy-efficient solar hot water heater systems.

Your Committee on Conference has amended this measure by:

- (1) Deleting certain sections that are present in H.B. No. 2175, H.D. 2, S.D. 2, C.D. 1, relating to:
 - (A) The issuance of general obligation bonds for a photovoltaic, net energy metered system pilot project in public schools;
 - (B) The promotion of state use of green building practices for the construction or substantial renovation of state-funded buildings, energy and water efficiency practices, life cycle cost-benefit analysis, fuel-efficient vehicles, alternate fuels, and energy-savings contracts;
 - (C) The establishment of benchmarks by the State's Energy Resources Coordinator and other increased responsibilities;
 - (D) The issuance of general obligation bonds to fund energy efficiency initiatives for state facilities, vehicles, and equipment;



- (E) Hiring coordinators within the Department of Education and within the Department of Business, Economic Development, and Tourism;
 - (F) Energy-efficient vehicles into the State's motor vehicle fleet; and
 - (G) Priority processing of permit applications for construction projects incorporating energy and environmental design building standards;
- (2) Determining that the biofuel preference shall be:
 - (A) For use in diesel engines, five cents per gallon of one hundred per cent biodiesel; and
 - (B) For use in boilers, five cents per gallon of one hundred per cent biofuel;
 - (3) Deleting the appropriation for the Hawaii Renewable Hydrogen Program;
 - (4) Further facilitating the development of alternate fuels by establishing state support of the attainment of a statewide alternate fuel standard of ten percent of highway fuel demand to be provided by alternate fuels by 2010, fifteen percent by 2015, and twenty percent by 2020;
 - (5) Making the measure effective upon approval; provided that the section pertaining to renewable energy technology tax credits shall apply to taxable years beginning after December 31, 2005; provided further that the increased tax credits shall be available only to eligible renewable energy technology systems installed after July 1, 2006; and provided further that the appropriation sections shall take effect on July 1, 2006; and
 - (6) Making technical, non-substantive amendments for clarity, consistency, and style.

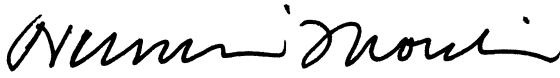
As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 2957, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2957, S.D. 2, H.D. 2, C.D. 1.



Respectfully submitted on behalf
of the managers:

ON THE PART OF THE HOUSE

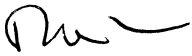
ON THE PART OF THE SENATE



HERMINA MORITA, Co-Chair



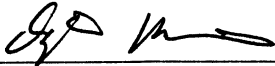
J. KALANI ENGLISH, Chair



ROBERT N. HERKES, Co-Chair



RON MENOR, Co-Chair



DWIGHT TAKAMINE, Co-Chair



BRIAN T. TANIGUCHI, Co-Chair



Hawaii State Legislature

**Record of Votes of a
Conference Committee**

Bill / Concurrent Resolution No.: SB 2957, SD 2, HD 2	Date/Time: <i>28 April 2006 5:50p</i>
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The recommendation of the House and Senate managers is to pass with amendments (CD).

The Committee is reconsidering its previous decision.

The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure

The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.

Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
ENGLISH, J. Kalani, Chr.	✓				MORITA, Hermina M., Co-Chr.	✓			
MENOR, Ron, Co-Chr.				✓	HERKES, Robert N., Co-Chr.	✓			
TANIGUCHI, Brian, Co-Chr.	✓				TAKAMINE, Dwight Y., Co-Chr.	✓			
ESPERO, Will	✓				PINE, Kymberly	✓			
KOKUBUN, Russell S.	✓								
WHALEN, Paul	✓								
TOTAL	5			1	TOTAL	4			

A = Aye WR = Aye with Reservations N = Nay E = Excused

Senate Recommendation is:
 Adopted Not Adopted

House Recommendation is:
 Adopted Not Adopted

Senate Lead Chair's or Designee's Signature:
Kalani English

House Lead Chair's or Designee's Signature:
Nannu Thouri

Distribution: **Original** **Yellow** **Pink** **Goldenrod**
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