

Honolulu, Hawaii

FEB 17

, 2006

RE: S.B. No. 2957  
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 S.B. No. 2957 entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

beg leave to report as follows:

The purpose of this measure is to provide a comprehensive approach to achieving energy self-sufficiency for the State.

This measure promotes energy self-sufficiency by:

- (1) Increasing the renewable energy income tax credit for certain wind-powered and photovoltaic energy systems and removing the sunset date for the tax credits;
- (2) Authorizing the issuance of general obligation bonds for a photovoltaic pilot project and to bring state facilities into compliance with the State's greenhouse gas and energy consumption reduction goals;
- (3) Requiring the use of design guidelines and standards to promote green building practices in construction or substantial renovation projects that are funded more than fifty percent with state funds; and
- (4) Establishing a financing mechanism for purchases of residential solar hot water heater systems.



The Department of Accounting and General Services, the Department of Business, Economic Development and Tourism, the Department of Commerce and Consumer Affairs, the Department of Education, the Conservation Council for Hawaii, Hawaiian Electric Company, the Hawaii Renewable Energy Alliance, the Hawaii Solar Energy Association, PowerLight, the Rocky Mountain Institute, the Sierra Club, Inter Island Solar Supply, and Honolulu Seawater Air Conditioning LLC, submitted testimony in support of this measure. The Department of Taxation, the Public Utilities Commission, the Hawaii Energy Policy Forum, American Forest and Paper Association, Life of the Land, and The Gas Company submitted comments.

Your Committees find that this measure takes a comprehensive approach to reducing the State's dependence upon petroleum. The measure improves the State's energy security and assists the State in becoming more energy self-sufficient.

Upon further consideration, your Committees have amended this measure by:

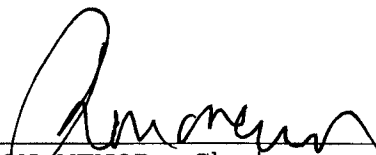
- (1) Increasing the credit for solar thermal energy systems for:
  - (A) Single-family residential property to \$2,250;
  - (B) Multi-family residential property to \$1,000; and
  - (C) Commercial property to \$500,000;
- (2) Increasing the credit for photovoltaic energy systems for:
  - (A) Single-family residential property to \$7,500;
  - (B) Multi-family residential property to \$1,000; and
  - (C) Commercial property to \$500,000;
- (3) Indicating that for taxable years beginning after December 31, 2005, the dollar amount of any utility rebate shall be deducted from the costs eligible for the state tax credit to ensure that the state renewable energy income tax credit will not be impacted by the federal credit;



- (4) Expanding the photovoltaic pilot project to a photovoltaic net energy metered pilot project that can include more than one public school per island, and elaborating on the pilot project objectives;
- (5) Indicating that the utility may extend the term of a pay-as-you-save-model fee to the original or successor residential consumers at a location where permanent energy technology measures have been installed;
- (6) Defecting the effective date to July 1, 2050; and
- (7) Making technical, non-substantive amendments for clarity 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 S.B. No. 2957, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2957, 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,

  
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RON MENOR, Chair

  
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J. KALANI ENGLISH, Chair





