

MAR 07 2008

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# SENATE CONCURRENT RESOLUTION

REQUESTING THE STATE AUDITOR TO CONDUCT A PROGRAM, PERFORMANCE,  
AND FINANCIAL AUDIT OF THE NATURAL ENERGY LABORATORY OF  
HAWAII AUTHORITY.

1           WHEREAS, the Natural Energy Laboratory of Hawaii Authority  
2 was established to facilitate research, development, and  
3 commercialization of natural energy resources and ocean-related  
4 research, technology, and industry in Hawaii; and  
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6           WHEREAS, the function of the Authority is to facilitate  
7 retail, commercial, and tourism activities that will financially  
8 support the research, development, and commercialization at a  
9 research and technology park in Hawaii county; and  
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11           WHEREAS, the research and technology park, known as the  
12 Gateway Energy Center, is located on more than eight hundred  
13 acres of public land at Keahole Point; and  
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15           WHEREAS, when it opened in October 2004, the Gateway Energy  
16 Center was lauded for its environmentally conscientious  
17 construction and awarded platinum certification under Leadership  
18 in Energy and Environmental Design standards set by the United  
19 States Green Building Council; and  
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21           WHEREAS, among the Center's energy-efficient design  
22 features are photovoltaic panels that were installed to meet the  
23 energy needs of the three-building complex; and  
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25           WHEREAS, the Gateway Energy Center was created, not only to  
26 showcase energy-efficient technologies, but to offer space for  
27 laboratories to research emerging energy-efficient and renewable  
28 energy technologies; and  
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30           WHEREAS, given its design and purpose, it is startling to  
31 learn that, despite being nearly vacant, the Gateway Energy  
32 Center consumes approximately thirty-nine thousand kilowatt



1 hours of energy each month, which is three times the predicted  
2 rate, and pays an estimated \$1,500 each month to the Hawaii  
3 Electric Light Company for electricity costs; and

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5 WHEREAS, the Center's photovoltaic panels allegedly  
6 generate energy in excess of the complex's demands, however,  
7 Hawaii Electric Light Company owns the panels and charges the  
8 Authority for every kilowatt hour used; and

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10 WHEREAS, under the terms of the installation contract,  
11 Hawaii Electric Light Company pays no rent for the placement of  
12 the panels and the Authority receives no discount; and

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14 WHEREAS, it is unclear how such a disadvantageous  
15 arrangement was made; and

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17 WHEREAS, in addition, the Authority has been criticized for  
18 failing to comply with the Public Agency Meetings and Records  
19 Law codified under chapter 92, Hawaii Revised Statutes, on  
20 numerous occasions; and

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22 WHEREAS, according to *Environment Hawai'i*, one of the  
23 questionable meetings involved an executive session that was  
24 held to allegedly deliberate the terms of a contract with Hawaii  
25 Electric Light Company; and

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27 WHEREAS, questions are also being raised regarding a lease  
28 agreement that the Authority approved for a proposed high-tech  
29 computing facility and whether the meeting to approve the lease  
30 complied with public notice requirements and whether the  
31 authority exercised diligence to determine if the project is  
32 indeed bona fide; and

33  
34 WHEREAS, concerns are being raised regarding the high  
35 energy consumption needed to pump water from the ocean floor and  
36 process the seawater used by seawater bottling tenants at the  
37 research and technology park; and

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39 WHEREAS, as of fiscal year 2007, the Authority no longer  
40 receives general fund support from the State, but received over  
41 \$1,500,000 in appropriations for capital improvement projects  
42 during the 2006 Regular Session; and

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1 WHEREAS, it is critical that the Authority improve its  
2 fiscal viability and public accountability; now, therefore,  
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4 BE IT RESOLVED by the Senate of the Twenty-fourth  
5 Legislature of the State of Hawaii, Regular Session of 2008, the  
6 House of Representatives concurring, that the Auditor is  
7 requested to conduct a program, performance, and financial audit  
8 of the Natural Energy Laboratory of Hawaii Authority; and  
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10 BE IT FURTHER RESOLVED that in conducting the audit, the  
11 Auditor is requested to include:  
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13 (1) The general operations of the Natural Energy  
14 Laboratory of Hawaii Authority, including its  
15 compliance with chapter 92, Hawaii Revised Statutes;  
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17 (2) The development and implementation of comprehensive  
18 plans to secure funding from federal, as well as,  
19 private sources, to sustain fiscal viability; and  
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21 (3) Internal budgeting and fiscal controls to ensure  
22 effective and appropriate expenditures, including  
23 expenditure of legislative appropriations and federal  
24 funds; and  
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26 BE IT FURTHER RESOLVED that the Auditor is requested to  
27 submit a report of findings and recommendations to the  
28 Legislature no later than twenty days prior to the convening of  
29 the Regular Session of 2009; and  
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31 BE IT FURTHER RESOLVED that certified copies of this  
32 Concurrent Resolution be transmitted to the Auditor; the  
33 Director of Business, Economic Development, and Tourism; and the  
34 Chair of the Board of the Natural Energy Laboratory of Hawaii  
35 Authority.  
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OFFERED BY: Paul M.