

Honolulu, Hawaii

March 14, 2008

RE: S.B. No. 3001
S.D. 2

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred S.B. No. 3001, S.D. 2, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY EFFICIENCY,"

begs leave to report as follows:

The purpose of this bill is to facilitate the administration of the energy-efficiency and demand-side management program and services (Program) by, among other things:

- (1) Clarifying the administration, use, and non-public money status of the public benefits fee that supports the Program;
- (2) Clarifying that the Public Benefits Fee Administrator is not a public utility; and
- (3) Aligning the language in the Public Utilities Commission law relating to its processes and procedures to the Program and its third-party administrator organization structure.

The Department of Business, Economic Development, and Tourism, Department of Commerce and Consumer Affairs, Public Utilities Commission, Hawaii Solar Energy Association, Hawaiian Electric Company, Inc., Maui Electric Company, Ltd., Hawaii Electric Light Company, and Hawaii Energy Policy Forum testified in support of this bill.



Your Committee emphasizes that the funds supporting the Program are collected from electric utility ratepayers and are not State or public funds derived from taxpayers, and therefore, should not be subject to appropriation by the Legislature for any purpose.

Concerns were raised about the applicability of the Hawaii Public Procurement Code to the Program. Given the time constraints, this issue could not be resolved. However, the Consumer Advocate pointed out that at least one other state using a public benefits fee administrator has experienced significant challenges in operating and administering energy-efficiency and demand-side management programs as a result of complying with its state procurement code. Specifically, it appears that the payment of customer rebates and hiring of persons to assist in the operation and administration of such programs have been delayed by adherence to procurement processes, hindering a public benefits fee administrator's ability to effectively and efficiently administer such programs.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3001, S.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committee on Energy &
Environmental Protection,



HERMINA MORITA, Chair



