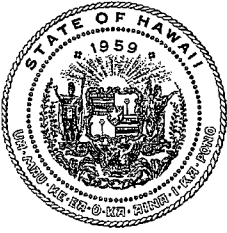


HB 647 HD2



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

LINDA LINGLE
GOVERNOR
THEODORE E. LIU
DIRECTOR
MARK K. ANDERSON
DEPUTY DIRECTOR

STRATEGIC INDUSTRIES DIVISION
235 South Beretania Street, Leiopapa A Kamehameha Bldg., 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt/info/energy

Telephone: (808) 587-3807
Fax: (808) 586-2536

Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
**SENATE COMMITTEE ON
ENERGY AND ENVIRONMENT**
State Capitol, Conference Room 414
Tuesday, April 1, 2008
2:45 p.m.
in consideration of
HB647 HD2
RELATING TO ENERGY.

Chair Menor, Vice Chair Hooser, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports HB647, HD2, which repeals Section 196-18, Hawaii Revised Statutes, the energy resources public-private Advisory Committee.

The Advisory Committee's *State Facilities Energy Management Advisory Committee 2008 Report to the Legislature* contained twenty-five key recommendations in the areas of reducing energy use, enhancing the use of renewable forms of energy, and improving building design, among others. Recognizing that these recommendations would take some time to implement, the Advisory Committee agreed to include a recommendation that this provision be sunsetted. The Advisory Committee noted that DBEDT could continue to advocate for and evaluate the progress of recommendations as well as evaluate any issues and concerns. Advisory Committee members felt that the complexity and scope of recommendations -- most of which are not currently part of energy management for the State, and some of which necessitated further

study, analysis or funding -- offers an abundance of potential initiatives and policy measures, and members expressed hope that they be fully funded to ensure implementation.

The following is a quotation from the Advisory Committee's report:

The State Facilities Energy Management Advisory Committee strongly recommends that this provision be sunsetted. We believe that the recommendations made by this Committee will serve as a framework for future years to come. In addition to this Committee's recommendations, the various departments have their legislative and administrative directives to guide them. The Department of Business, Economic, Development, and Tourism already has authority to convene ad hoc discussion groups and committees to discuss and evaluate issues and concerns.

Noting the recommendations of the Advisory Committee, DBEDT supports the repeal of Section 196-18, HRS.

Thank you for the opportunity to offer these comments.

John T. Harrison, PhD
3232 Kaohinani Drive
Honolulu, HI 97817

Testimony on HB 647 HD2 before the Senate Committee on Energy and Environment
Tuesday, April 1, 2008; 2:45 PM; Capitol Room 414

From: John T Harrison, PhD

Chair Menor, Vice Chair Hooser, and Members of the Committee:

HB 647 HD2 proposes to repeal §196-18, Hawai'i Revised Statutes thereby removing a requirement for annually convening the public advisory committee originally invoked under this section. As Chair of the 2007 Public Advisory Committee, and reflecting the unanimous view of the Committee as a whole, **I strongly support HB 647 HD2 as proposed.**

Hawai'i Revised Statutes (HRS) Section 196-1 recognizes both challenges and opportunities related to the State energy economy, calling for "strategic comprehensive planning in the effort towards achieving full utilization of Hawai'i's energy resources programs and the most effective allocation of energy resources throughout the State" (§196-1(2), HRS). Part II of HRS 196 directly addressed energy efficiency and planning in State facilities, calling in §196-18 for establishment of a public-private advisory committee to provide input to the State Energy Resources Coordinator. In 2007, I served as Chair of the State Facilities Energy Management Advisory Committee, presiding over extensive Committee deliberations on each of the 8 categories itemized in §196-18(b) HRS. Over many hours of discussion and mutual enlightenment, the Committee consistently blended wisdom and insight with candid analyses of both the advantages and challenges facing Hawai'i's energy future. Pursuant to provisions of §196-18(b)(8) HRS, findings and unanimous recommendations of the Committee were drafted, edited, and revised between October and early December 2007, reviewed by the Director of the Department of Business, Economic Development and Tourism and by the Governor, and presented in final form to the Legislature 20 days prior to the convening of the regular session of 2008.

As noted in testimony of the Director of DBEDT, the Advisory Committee Report included the strong recommendation that the statutory provision for an annual report to the legislature be repealed. As the legislature reviews the other detailed and far reaching recommendations of the Advisory Committee, you will note provisions for design and implementation of monitoring, audits, identification of various funding needs, policy development, incentive programs for energy conservation, purchasing and energy-savings contract specifications, and building design specifications to optimize long-term energy efficiency and conservation for State facilities. The Advisory Committee found that the exigency and centrality of energy resource management was of such importance that it would require a degree of prioritization that only could be met through creation and

adequate funding of a new line agency, a Department of Energy. Thus, the Committee's recommendations propose establishment of a new Department in order to fulfill existing Administrative and Legislative mandates, as well as to carry out the Committee's recommendations.

Although creation of a Department of Energy was not advanced in the Executive legislative agenda, its inclusion as the central recommendation of the Advisory Committee emphasizes the Committee's recognition of the importance of energy policy and management in charting a sustainable future for our State. Given the complexities of energy policy and the pathways to long-term energy management implementation, as well as the wide breadth of agencies of whom action is required, the recommendations of the Advisory Committee made specific reference to multi-year timelines and multiple review and reporting requirements from affected departments. For instance, Recommendation 1 calls for the DBEDT to establish agency energy consumption benchmarks and update them every 5 years. As a result, the Advisory Committee found that requiring an annual report, even though most elements of the Committee's recommendations were expected to entail years for implementation, was wasteful, inefficient, and injudicious. Given the far-reaching effects of the recommendations advanced by the Committee, an indefinite suspension of reporting requirements pursuant to §196-18(b)(8) was adopted by the Committee as its final recommendation.

HB 647 HD2 recommends that the reporting requirement for a public Advisory Committee be deleted from Chapter 196. Speaking on behalf of the Advisory Committee, I respectfully urge the Legislature to amend this measure in accordance with the Advisory Committee recommendations. Existing authority for convening fact-finding and discussion mechanisms resides within the DBEDT, and Legislative approval is not needed to establish an advisory mechanism in response to an emergent policy or administrative program need.

Finally, I call the legislature's attention to the rapidly changing global energy environment, which by virtue of its tendency to present rapid and unpredictable challenges and opportunities, requires a capacity for flexibility in administrative response. This capacity exists at present within the DBEDT mission and authority, and it would be better to rely upon the *ad hoc* convening of expert advisors to address policy and fact-finding needs than to assign these responsibilities to the State Facilities Energy Management Advisory Committee.

Thank you for the opportunity to testify.

Respectfully,

John T. Harrison, PhD
3232 Kaohinani Drive
Honolulu, HI 96817