



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

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Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
**HOUSE COMMITTEE ON
ENERGY & ENVIRONMENTAL PROTECTION**
Tuesday, March 11, 2008
9:00 a.m.
State Capitol, Conference Room No. 312
in consideration of
SB3001 SD2

RELATING TO ENERGY EFFICIENCY.

Chair Morita, Vice Chair Carroll, and Members of the
Committee.

The Department of Business, Economic Development, and
Tourism (DBEDT) supports the SB3001, SD2, an Administration bill
which clarifies certain sections of Chapter 269, Part VII,
relating to the public benefits fund which was established for
the implementation and administration of the electric energy
efficiency and demand-side management programs.

The bill proposes to amend Sections 269-121 to 269-124 to
clarify the language of the law relating to the administration
and regulation of the fund and fund administrator. DBEDT
supports the bill, and DBEDT defers to the Department of Budget
and Finance on the proposed changes with one comment, that the
language of the proposed bill explicitly clarify that the public

benefit fees will not be subject to the State procurement law since these fees are not State funds, but rather, ratepayers money collected specifically to fund energy efficiency and demand-side management programs.

Thank you for the opportunity to testify.



Hawaii Solar Energy Association
Serving Hawaii Since 1977

TESTIMONY OF THE HAWAII SOLAR ENERGY ASSOCIATION
IN REGARD TO S.B. 3001, S. D. 2: RELATING TO ENERGY EFFICIENCY
BEFORE THE
SENATE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
ON
TUESDAY, MARCH 11, 2008

Chair Morita, Vice-Chair Carroll and members of the committee, my name is Ron Richmond and I represent the Hawaii Solar Energy Association (HSEA). HSEA is a professional trade association established in 1977, and affiliated with the Solar Energy Industries Association (SEIA). HSEA represents manufacturers, distributors, contractors, financial entities and utility companies active in the solar energy industry. We strongly support the passage of S.B. 3001, S.D. 2.

S.B. 3001, S.D. 2 clarifies that the public benefits fees collected by Hawaii's electric utility companies and then transferred to a new third-party public benefits fee administrator, to be appointed by the PUC, shall not be considered state or public funds subject to appropriation by the legislature or for deposit into the state general fund.

State raids on dedicated funds are common. In a paper for the Regulatory Assistance Project, or RAP, entitled "Who Should Deliver Ratepayer Funded Energy Efficiency?", Cheryl Harrington discusses raids on public benefit funds in Maine, Wisconsin, Ohio and Connecticut. A raid has been threatened in Oregon. In the Connecticut example, the legislature appropriated \$12 million from a *utility-held* public benefit account to the general fund.

S.B. 3001, S.D.2 makes clear that the sole purpose of a public benefits fund in Hawaii is to provide demand-side management and energy-efficiency services to Hawaii's residential and commercial ratepayers. The bill also makes explicit that the State of Hawaii may participate in any of the DSM programs on the same basis as any other ratepayer.

The transition from electric utility company administration of DSM and energy-efficiency programs in Hawaii to independent third party administration is already underway. It is exceptionally important to recognize in statute that ratepayer funded public benefits fees are for one purpose and one purpose only: to support demand-side management and energy efficiency programs in Hawaii.

In closing, it is imperative for the transition of the DSM and energy-efficiency programs to a yet-to-be-selected third party, to be seamless so that the momentum presently underway is maintained or enhanced. Given that, we encourage this committee to change the effective date of this bill to the date of its enactment.

Thank you for the opportunity to testify.