

Honolulu, Hawaii

May 5, 2009

RE: H.B. No. 1464  
H.D. 3  
S.D. 2  
C.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Honorable Colleen Hanabusa  
President of the Senate  
Twenty-Fifth State Legislature  
Regular Session of 2009  
State of Hawaii

Sir and Madam:

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 1464, H.D. 3, S.D. 2, entitled:

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

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill is to add to or clarify a number of statutory provisions to encourage energy efficiency and the development of renewable energy resources.

This bill, among other things:

- (1) As of July 1, 2009, prohibits an electricity-generating public utility from adding a new, or increasing the capacity of an existing, covered source with a capacity of two megawatts or more using fossil fuel sources;



- (2) As of January 1, 2015, prohibits:
  - (A) The inclusion of electrical energy savings in determining conformance with renewable energy portfolio standards requirements; and
  - (B) Customer-sited grid-connected photovoltaic systems to qualify as electrical energy saving;
- (3) Accelerates and extends the renewable electrical energy portfolio standard by an additional five percentage points by December 31, 2020, to twenty-five per cent from twenty per cent, and increases the standard to forty per cent by December 31, 2030;
- (4) Expands the duties of the Energy Resources Coordinator (Coordinator) to include:
  - (A) Identifying geographic areas containing renewable energy resources and designating these areas as renewable energy zones;
  - (B) Developing incentive programs to encourage the development of renewable energy resource projects within the renewable energy zones; and
  - (C) Assisting public and private entities in identifying and developing through the use of special purpose revenue bonds, utility transmission projects to accommodate the development of renewable energy resources;
- (5) Expands the definition of a "qualified business" in a state enterprise zone to one that is engaged in the development and production of fuels and thermal or electrical energy using a number of renewable energy resources;
- (6) Clarifies that the duties of the Renewable Energy Facilitator in assisting the efficient permitting of renewable energy projects extends to the land on which the project is situated and any structures or equipment, including transmission facilities, required by the project;



- (7) Amends the definition of "renewable energy facility" as it relates to the renewable energy facility siting process law, to authorize the Coordinator to designate, as renewable energy facilities, biofuel production facilities and renewable energy facilities with smaller energy production capacities, for purposes of streamlined permit processing for new facilities;
- (8) Directs the Public Utilities Commission (PUC) to establish energy efficiency portfolio standards to maximize cost-effective energy efficiency programs and technologies to achieve a reduction of four thousand three hundred gigawatt hours of electricity use reductions statewide by 2030;
- (9) Replaces the Coordinator with the Public Benefits Fee Administrator (Administrator) as the authority to issue variances from the requirement that single-family dwelling include solar water heating systems, and requires the Administrator to:
  - (A) Conduct post-installation inspections of installed water heating technology; and
  - (B) Make public all applications and the dispositions of all applications for variances from the solar water heating system requirement;
- (10) Revises the Renewable Energy Technology System Tax Credit and:
  - (A) Disallows the tax credit on the installation of a solar water heating system that is required, pursuant to section 196-6.5, Hawaii Revised Statutes, on new single-family dwellings on or after January 1, 2010; and
  - (B) Limits the tax credit to eligible renewable energy technology systems installed on or after July 1, 2009;
- (11) Extends the deadline for PUC to adopt standards for solar water heating systems from July 1, 2009, to January 1, 2010, and permits the Commission to contract with the public benefits fee administrator for the development of the standards to be adopted by the Commission.



Your Committee on Conference finds that the provisions in this bill will significantly align Hawaii's energy policy laws with its energy goals. To transform the state's energy system, changes must encompass Hawaii's policy and regulatory framework, system-level technology development and integration, financing or capital investment, and institutional system planning.

Your Committee on Conference has amended this bill by, among other things;

- (1) Adding a purpose section setting forth the detrimental impacts of being reliant on fossil fuel and the benefits that can be derived from accelerating the use and development of energy efficiency and renewable energy technologies;
- (2) Deleting the provisions expanding the definition of state enterprise zone "qualified business" that would have included a business engaged in the development and production of fuels and thermal or electrical energy using renewable energy resources;
- (3) Deleting the prohibition against an electricity-generating public utility from adding a new, or increasing the capacity of an existing, covered source with a capacity of two megawatts or more using fossil fuel sources;
- (4) Clarifying the duties of the Coordinator by, among other things, requiring it to:
  - (A) Make recommendations generally, rather than specifically to the Governor and the Legislature;
  - (B) Additionally, assist public and private agencies in implementing efficiency programs and developing indigenous energy resources; and
  - (C) Develop and maintain a capacity to analyze the status of energy resources, systems, and markets; recommend, develop proposals for, and assess the effectiveness of policies and regulatory decisions; and conduct energy emergence planning;
- (5) With respect to the renewable energy facility siting process:



- (A) Requiring the permitting agency to provide to the Coordinator its report identifying diligent measures being taken to complete permit processing within 30 days if a completed permit plan application has not been approved or denied within 12 months after approval of the application by the coordinator; and
- (B) Authorizing the Coordinator to deem a permit approved if no further processing and action are reported by the permitting agency within five months following the end of the 30-day agency report period;
- (6) Appropriating out of the Renewable Energy Facility Siting Special Fund, \$1,000,000 for each year of fiscal biennium 2009-2011 for the purposes of the Fund;
- (7) Requiring PUC to evaluate the energy efficiency portfolio standards every five years and revise the standards based on the best information available and report its findings to the Legislature;
- (8) Beginning in 2015, requiring electric energy saving by the use of renewable displacement or off-set technologies, to count towards the energy efficiency portfolio standards;
- (9) By December 31, 2010, requiring state buildings larger than 5,000 square feet or that use more than 8,000 kilowatts of electricity annually to be benchmarked as a basis for determining the State's investment in improving the efficiency of its building stock;
- (10) Requiring public buildings to be retro-commissioned not less than every five years based on guidelines established by the Coordinator;
- (11) Authorizing departments to enter into energy savings performance contracts with a third party, in accordance with guidelines issues by the Comptroller, to cover the capital costs of energy-efficiency measures and distributed generation, if the contracts conform to the benchmark standard;
- (12) Requiring investments in efficiency for existing public building that undergo a major retrofit or renovation;



- (13) Requiring a residential property owner to make a good faith declaration of electricity cost based on the most recent three months of electric utility bills prior to the date that the seller's disclosure under chapter 508D, Hawaii Revised Statutes, is required to be made;
- (14) Establishing the Building Energy Efficiency Revolving Loan Fund to provide low or no interest loans or financial assistance to eligible public, private, and nonprofit borrowers for making energy efficiency improvements in buildings;
- (15) Clarifies the solar water heater system requirement in new homes by, among other things:
  - (A) Reinstating the Coordinator, as opposed to the Public Benefits Fee Administrator, as the authority to issue variances from the requirement that single-family dwelling include solar water heating systems and publicize all applications and the disposition of the applications; and
  - (B) Deleting post-installation inspections of installed water heating technology;
- (16) With respect to the Renewable Energy Technology System Tax Credit:
  - (A) Disallowing only a portion, rather than 100 percent, of the on the installation of a solar water heating system that is required by section 196-6.5, Hawaii Revised Statutes, on new single-family dwellings on or after January 1, 2010; and
  - (B) Deleting the provision that limits the tax credit to eligible renewable energy technology systems installed on or after July 1, 2009;
- (17) Providing the statutory authorization to transfer federal and private funds to the Public Benefits Fee Administrator;
- (18) Clarified the objectives and policies for facility system-energy of the Hawaii State Planning Act by including energy diversification, short- and long-term provision of



energy, and the promotion of transportation energy efficiency;

- (19) Changing the effective date of this bill to July 1, 2009; and
- (20) Making technical, nonsubstantive amendments for style, consistency, and clarity.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of H.B. No. 1464, H.D. 3, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1464, H.D. 3, S.D. 2, C.D. 1.

Respectfully submitted on behalf  
of the managers:

ON THE PART OF THE SENATE

ON THE PART OF THE HOUSE



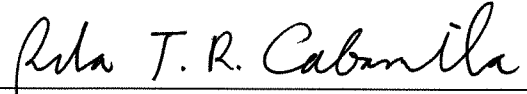
MIKE GABBARD, Chair



DONNA MERCADO KIM, Co-Chair




HERMINA MORITA, Co-Chair



RIDA CABANILLA, Co-Chair



ROBERT N. HERKES, Co-Chair



DENNY COFFMAN, Co-Chair



Hawaii State Legislature

CCR176

Record of Votes of a Conference Committee

Bill / Concurrent Resolution No.: HB 1464, HD 3, SD 2	Date/Time: 5-01-2009 10:07P
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The recommendation of the House and Senate managers is to pass with amendments (CD).

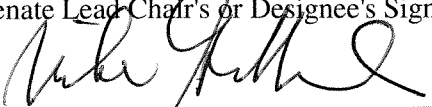
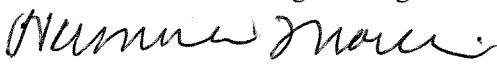
The Committee is reconsidering its previous decision.

<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure	<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.
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Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
GABBARD, Mike, Chr.	✓				MORITA, Hermina M., Co-Chr.	✓			
KIM, Donna Mercado, Co-Chr.	✓				CABANILLA, Rida, Co-Chr.	✓			
ENGLISH, J. Kalani	✓				HERKES, Robert N., Co-Chr.	✓			
GREEN, Josh, M.D.	✓				COFFMAN, Denny, Co-Chr.	✓			
KOKUBUN, Russell S.				✓	BELATTI, Della Au	✓			
HEMMINGS, Fred	✓				YAMASHITA, Kyle T.	✓			
					THIELEN, Cynthia	✓			
TOTAL	5	-	-	1	TOTAL	7	-	-	-

A = Aye      WR = Aye with Reservations      N = Nay      E = Excused

Senate Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted	House Recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted
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Senate Lead Chair's or Designee's Signature: 	House Lead Chair's or Designee's Signature: 
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Distribution:      Original      Yellow      Pink      Goldenrod  
 File with Conference Committee Report      House Clerk's Office      Senate Clerk's Office      Drafting Agency