

STAND. COM. REP. NO. 1081

Honolulu, Hawaii

March 20, 2009

RE: S.B. No. 1173
S.D. 2
H.D. 1

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

Sir:

Your Committees on Energy & Environmental Protection and Water, Land, & Ocean Resources, to which was referred S.B. No. 1173, S.D. 2, entitled:

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

beg leave to report as follows:

The purpose of this measure is to establish energy-efficiency initiatives necessary for and contributing to the transition of Hawaii's energy sector to non-petroleum sources.

More specifically, this measure:

- (1) Establishes an energy-efficiency portfolio standard and directs the Public Utilities Commission to create all necessary parameters to implement the energy-efficiency portfolio standard;
- (2) Designates the Public Benefits Fee Administrator as responsible for achieving the energy-efficiency portfolio standards;
- (3) Directs the Public Utilities Commission to evaluate the energy-efficiency portfolio standards and to revise the standards if appropriate;



- (4) Requires each state department with responsibilities for design and construction of public buildings and facilities to benchmark existing buildings so that energy-efficiency may be evaluated;
- (5) Allows state departments to enter into energy savings performance contracts with third parties and establishes the parameters and procedures for those contracts;
- (6) Requires that existing public buildings be retro-commissioned not less than every five years, pursuant to guidelines created by the Energy Resources Coordinator;
- (7) Requires that energy consumption information be disclosed by the seller or lessor in the sale or lease of real property;
- (8) Authorizes a tax credit for each taxpayer who owns a net-zero energy building;
- (9) Directs the Public Benefits Fee Administrator to conduct energy-efficiency assessments to identify energy use patterns in the State and to identify and recommend energy-efficiency programs to target;
- (10) Directs the Public Benefits Fee Administrator to establish on-bill financing programs to encourage consumer acquisition of efficient electrical appliances and energy producing systems;
- (11) Requires the Public Benefits Fee Administrator to examine building codes and to develop and implement recommendations for increasing energy-efficiency for residential and commercial buildings;
- (12) Requires the Public Benefits Fee Administrator to establish programs and information to educate financial institutions, mortgage brokers, and consumers on the economics of energy-efficient properties;
- (13) Requires the Public Benefits Fee Administrator to process variances from solar water installations required under chapter 196, Hawaii Revised Statutes; and
- (14) Revises the renewable energy technologies income tax credit to encourage use of solar energy systems and to



permit a portion of the excess of the credit over payments due to be refunded to the taxpayer in certain circumstances.

The Department of Accounting and General Services, the Department of Business, Economic Development, and Tourism, the Department of Taxation, the Public Utilities Commission, Hawaiian Electric Company and its subsidiary utilities, the Blue Planet Foundation, the Hawaii Energy Policy Forum, and the Sierra Club, Hawaii Chapter, testified in support of the measure. The Hawaii Renewable Energy Alliance and Honolulu Seawater Air Conditioning, LLC testified in support of the intent of the measure. The Hawai'i Association of Realtors testified in opposition of the measure. The Tax Foundation of Hawaii submitted comments on the measure.

Your Committee finds that this measure will provide a necessary first step in aligning Hawaii's energy policy laws in order to achieve the State's energy goals. However, your Committee also notes that the Department of Business, Economic Development, and Tourism estimates, and the Department of Taxation concurs, that the revenue loss attributable to the net-zero energy building tax credit will be \$450,000 in fiscal year 2010 and \$900,000 annually in fiscal years 2011 through 2015.

Your Committee has amended this measure by:

- (1) Deleting the contents of section 1, describing the purpose of the measure, and replacing it with language from H.B. No. 1464, H.D. 3;
- (2) Revising the energy-efficiency portfolio standards by establishing goals for statewide electricity use reductions and by designating the Public Utilities Commission, instead of the Public Benefits Fee Administrator, as being responsible for achieving the energy-efficiency portfolio standards;
- (3) Providing that, beginning in 2015, energy savings from the use of renewable displacement or off-set technologies shall count toward energy-efficiency portfolio standards;
- (4) Providing that electric utility companies and their affiliates may aggregate their efficiency portfolios in order to achieve energy-efficiency portfolio standards;



- (5) Deleting the requirement that benchmarking tools other than the ENERGY STAR portfolio management tool be designated by the public benefits fee administrator;
- (6) Clarifying that energy consumption information must be disclosed during the sale of lease of real property beginning January 1, 2010;
- (7) Requiring the Energy Coordinator to develop format and content guidelines to assist in the disclosure of energy consumption information during the sale of lease of real property;
- (8) Deleting the amendments to the renewable energy technologies income tax credit; and
- (9) Making technical, nonsubstantive amendments for the purposes of clarity, consistency, and style.

As affirmed by the records of votes of the members of your Committees on Energy & Environmental Protection and Water, Land, & Ocean Resources that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 1173, S.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1173, S.D. 2, H.D. 1, and be referred to the Committee on Consumer Protection & Commerce.

Respectfully submitted on
behalf of the members of the
Committees on Energy &
Environmental Protection and
Water, Land, & Ocean Resources,



KEN ITO, Chair



HERMINA MORITA, Chair



State of Hawaii
House of Representatives
The Twenty-fifth Legislature

HSCR1081

Record of Votes of the Committee on Water, Land, & Ocean Resources

Bill/Resolution No.: SB 1173, SD2	Committee Referral: EEP/WLO, CPC, FIN	Date: 3/19/09		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
WLO Members	Ayes	Ayes (WR)	Nays	Excused
1. ITO, Ken (C)	✓			
2. HAR, Sharon E. (VC)	✓			
3. CABANILLA, Rida	✓			
4. CHANG, Jerry L.	✓			
5. CHONG, Pono	✓			
6. COFFMAN, Denny	✓			
7. HERKES, Robert N.	✓			
8. LEE, Chris	✓			
9. LUKE, Sylvia	✓			
10. MORITA, Hermina M.	✓			
11. SAGUM, Roland D., III	✓			
12. CHING, Corinne W.L.				✓
13. THIELEN, Cynthia				✓
TOTAL (13)	11			2
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. <small style="margin-left: 150px;">committee acronym(s)</small>				
Vice Chair's or designee's signature: _____ <div style="text-align: center; font-size: 1.5em; font-family: cursive; margin-top: -10px;">K. Luke</div>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				