

STAND. COM. REP. NO.

362

Honolulu, Hawaii

FEB 20 2009

RE: S.B. No. 555  
S.D. 1

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

Madam:

Your Committee on Energy and Environment, to which was referred S.B. No. 555 entitled:

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

begs leave to report as follows:

The purpose of this measure is to direct the Department of Business, Economic Development, and Tourism to adopt rules that establish appliance energy efficiency standards consistent with those in California.

Testimony in support of this measure was submitted by two organizations. Testimony in opposition was submitted by one state agency. Written testimony presented to your Committee may be reviewed on the Legislature's website.

Your Committee finds that Hawaii is dependent on imported fuel for the generation of the vast majority of electricity in the State. In addition to making Hawaii's energy supply vulnerable to external market forces, using fossil fuels to generate power creates pollution that damages Hawaii's natural environment and contributes to global warming and climate change. It is in Hawaii's best interest to conserve energy wherever possible, and the use of energy efficient appliances is one method that would produce savings in every household and business.

Your Committee further finds that California has become a pioneer in this area of conservation by adopting strict appliance efficiency regulations. Over the past decade, the energy savings



resulting from California's regulations is believed to have saved that state from having to build twenty new power plants. Moreover, these efficiency standards are a significant reason why California is in the bottom fifth of all states for per capita electricity use. California's aggressive efforts to improve the efficiency of appliances like air conditioners and refrigerators have helped hold its electric demand per capita steady for three decades.

Your Committee believes that Hawaii would benefit from the development of efficiency standards for appliances sold in the State.

Your Committee has amended this measure by:

- (1) Providing the Department of Business, Economic Development, and Tourism an additional two years for the adoption and implementation of rules by extending the rule adoption deadline from January 1, 2010, to January 1, 2012; and
- (2) Making the prohibition on the sale of appliances that do not meet the Department's efficiency standards effective on January 1, 2013, rather than January 1, 2011.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 555, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 555, S.D. 1, and be referred to the Committee on Commerce and Consumer Protection.

Respectfully submitted on  
behalf of the members of the  
Committee on Energy and  
Environment,



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MIKE GABBARD, Chair



The Senate  
 Twenty-Fifth Legislature  
 State of Hawaii

**Record of Votes**  
**Committee on Energy and Environment**  
**ENE**

Bill / Resolution No.:*	Committee Referral:	Date:
<i>SB 555</i>	<i>ENE, CPN</i>	<i>2-17-9</i>

The committee is reconsidering its previous decision on this measure.  
 If so, then the previous decision was to: \_\_\_\_\_

The Recommendation is:

Pass, unamended 2312     Pass, with amendments 2311     Hold 2310     Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
GABBARD, Mike (C)	<input checked="" type="checkbox"/>			
ENGLISH, J. Kalani (VC)	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
GREEN, M.D., Josh	<input checked="" type="checkbox"/>			
HOOSER, Gary L.				<input checked="" type="checkbox"/>
IHARA, Jr., Les	<input checked="" type="checkbox"/>			
KOKUBUN, Russell S.	<input checked="" type="checkbox"/>			<input checked="" type="checkbox"/>
HEMMINGS, Fred	<input checked="" type="checkbox"/>		<i>Xg2</i>	
<b>TOTAL</b>	<i>4</i>	<i>0</i>	<i>0</i>	<i>3</i>

Recommendation:     Adopted     Not Adopted

Chair's or Designee's Signature: *[Signature]*

**Distribution:**    Original    Yellow    Pink    Goldenrod  
 File with Committee Report    Clerk's Office    Drafting Agency    Committee File Copy

\*Only one measure per Record of Votes

**Report Title:**

Energy Efficiency; Appliances

**Description:**

Directs the department of business, economic, development and tourism to adopt rules pertaining to appliance efficiency that are consistent with the California Appliance Efficiency Regulations. Prohibits the sale of appliances in the State after January 1, 2013, that do not meet efficiency standards.  
(SD1)

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# A BILL FOR AN ACT

RELATING TO ENERGY EFFICIENCY.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that Hawaii is dependent  
2 on imported fuel for the generation of the vast majority of  
3 electricity in the State. In addition to making Hawaii's energy  
4 supply vulnerable to external market forces, using fossil fuels  
5 to generate power creates pollution that damages Hawaii's  
6 natural environment and contributes to global warming and  
7 climate change. It is in Hawaii's best interest to conserve  
8 energy wherever possible, and the use of energy efficient  
9 appliances is one method that would produce savings in every  
10 household and business.

11           The legislature finds that California has become a pioneer  
12 in this area of conservation by adopting strict appliance  
13 efficiency regulations. Over the past decade, the energy  
14 savings resulting from California's regulations is believed to  
15 have saved that state from having to build twenty new power  
16 plants. Moreover, these efficiency standards are a significant

1 reason why California is in the bottom fifth of all states for  
2 per capita electricity use.

3 The legislature finds that Hawaii would benefit from the  
4 development of efficiency standards for appliances sold in the  
5 State. Accordingly, the purpose of this Act is to direct the  
6 department of business, economic development, and tourism to  
7 adopt rules that establish appliance energy efficiency standards  
8 consistent with those in California.

9 SECTION 2. Chapter 196, Hawaii Revised Statutes, is  
10 amended by adding a new section to be appropriately designated  
11 and to read as follows:

12 "§196- Appliance energy efficiency; rules. (a)  
13 Beginning January 1, 2013, no new appliance shall be sold or  
14 offered for sale in the State that does not meet the standards  
15 for energy efficiency as established by rules adopted pursuant  
16 to this section.

17 (b) No later than January 1, 2012, the director of  
18 business, economic development, and tourism shall adopt rules  
19 pursuant to chapter 91 for the energy efficiency of new  
20 appliances sold or offered for sale in Hawaii. Rules adopted  
21 pursuant to this subsection shall be consistent with the  
22 appliance efficiency regulations found in the California Code of

1 Regulations, title 20: division 2, chapter 4, article 4,  
2 sections 1601-1608, as amended."

3 SECTION 3. New statutory material is underscored.

4 SECTION 4. This Act shall take effect upon its approval.



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

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

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Statement of  
**THEODORE E. LIU**  
**Director**  
Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEE ON  
COMMERCE & CONSUMER PROTECTION**

Friday, February 27, 2009  
9:30 a.m.

State Capitol, Conference Room 229

in consideration of  
**SB555 SD1**  
**RELATING TO ENERGY EFFICIENCY.**

Chair Baker, Co-Chair Ige, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) does not support SB555 SD1, which requires that by January 1, 2012, the director of DBEDT shall adopt rules consistent with the California Energy Commission's regulations for the energy efficiency of new appliances for sale in Hawaii. A year thereafter, all subject appliances sold in Hawaii shall meet such standards.

California divides its appliance efficiency laws into three sections: A) those appliances regulated by federal law which California is not contesting; B) appliances regulated by federal law from which California is requesting a waiver in order to set more stringent standards and; C) appliances not regulated by federal law for which California has set standards. Our testimony will address categories (B) and (C).



California Code of Regulations, Title 20, Division 2, Chapter 4, Article 4, Section 1605.3, "State Standards for Non-Federally-Regulated Appliances," sets standards for items such as certain refrigerators, freezers, heat pumps, general service lamps and spa heaters for which the federal government has not set standards. States such as New York, New Jersey, Oregon and Washington formed the "Multi-States Compliance Standards Collaborative" for the purpose of adopting similar standards, generally based on California standards. Another organization, "The Appliance Standards Awareness Project," tracks federal revisions to appliance efficiency standards and state actions and disseminates the information, enabling member states to keep abreast of the latest developments. While Hawaii could obtain standard-setting information and model legislation from these organizations, the entire technical review process for Hawaii standards, as well as, the rulemaking process, including conducting public hearings, would require resources currently not available within DBEDT.

Regarding seeking waivers, California Section 1605.2 of the above-cited Regulation, "State Standards for Federally-Regulated Appliances," involves California's applying for waivers from the U.S. Department of Energy to allow enactment of more stringent standards for certain appliances. In addition, petitioning has proven long and time-consuming for California. DBEDT does not have the resources available to undertake a similar process.

We believe that as the Public Benefits Fund Administrator initiates a full program for consumer efficiency, appliance incentives and programs will be at the top of the cost effectiveness list. Finally, DBEDT opposes this measure because it would adversely impact the priorities set forth in the Executive Biennium budget for Fiscal Years 2009-2010.

Thank you for the opportunity to offer these comments.



# Sierra Club Hawai'i Chapter

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## SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

February 27, 2009, 9:30 A.M.  
(*Testimony is 1 page long*)

### TESTIMONY IN SUPPORT OF SB 555 SD1

Aloha Chair Baker and members of the Committee:

The Sierra Club, Hawai'i Chapter, with 5500 dues paying members statewide, **supports** SB 555 SD1, ensuring that appliances sold in Hawai'i meet a minimum energy efficiency level.

Even on those rare occasions when consumers do know the total cost of ownership of appliances, decisions are frequently driven by the upfront cost of an appliance. This short-term thinking has a direct, negative impact on consumer spending, energy consumption, and job-creation.

For example, a recent 2009 report found that California's economy grew as a result of aggressive energy efficiency projects.<sup>1</sup> Cutting energy bills let California consumers and companies spend their cash on other things, and helped create 1.5 million jobs.

California is a good model to follow. California's aggressive efforts to improve the efficiency of things like air conditioners and refrigerators have helped hold its electric demand steady per capita for **three decades**. By contrast, electricity consumption has grown by 50 percent for the U.S. as a whole in that same time period.

Let's take a concrete step towards keeping money in our resident's pockets instead of buying Middle Eastern oil. Please pass this bill.

Thank you for the opportunity to testify.

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<sup>1</sup> See 2009 California Green Innovation Index, available at [www.next10.org](http://www.next10.org)



**SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION**

February 27<sup>th</sup>, 2008, 9:30 A.M.

Room 229

**(Testimony is 1 page long)**

**TESTIMONY IN SUPPORT OF SB 555 SD1**

Chair Baker and members of the committee:

The Blue Planet Foundation supports Senate Bill 555 SD1, establishing appliance efficiency standards for Hawai'i.

Unfortunately, many residential and business customers have demonstrated extreme myopia in their purchasing decisions. The "upfront" cost of an appliance or piece of equipment frequently drives the purchase decision—not the long-term cost of operating the equipment. Even when the reduction in electricity use pays for the increase in upfront cost many times over—sometimes with a payback time of a couple of years or less—the customer will frequently opt for the less expensive first-cost choice.

While we can't legislate common sense, we can pass a law that will reduce energy demand and keep more money in consumers' pockets (and less paying for imported oil). Federal energy efficiency standards have been extremely successful in reducing energy costs for consumers. According to the American Council for an Energy Efficient Economy (2002), federal energy efficiency standards have saved consumers approximately \$50 billion on their energy bills.

While Federal energy efficiency standards are subject to the lobbying pressure and industry special interests in Washington, DC, Hawai'i is free to pass smart energy efficiency legislation—such as SB 555 SD1—to save Hawai'i's residents and businesses money.

Thank you for the opportunity to testify.

**Jeff Mikulina, executive director • [jeff@blueplanetfoundation.org](mailto:jeff@blueplanetfoundation.org)**

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