

STAND. COM. REP. NO. 1242

Honolulu, Hawaii

March 27, 2009

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

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

Sir:

Your Committee on Consumer Protection & Commerce, to which  
was referred S.B. No. 1173, S.D. 2, H.D. 1, entitled:

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

begs leave to report as follows:

The purpose of this bill is to help facilitate the transition  
of Hawaii's energy sector to non-petroleum sources by:

(1) Requiring:

- (A) The Public Utilities Commission (PUC) to establish energy-efficiency portfolio standards (standards) designed to achieve 4,300 gigawatt hours of statewide electricity-use reductions by 2030 with specified interim goals;
- (B) PUC to develop incentives and penalties associated with the standards, and periodically evaluate and revise the standards as necessary;
- (C) Electric energy savings from renewable displacement or off-set technologies to count toward the standards while allowing electric utility companies and their affiliates to aggregate their efficiency portfolios to achieve the standard;



- (D) Every state department that designs and constructs public buildings and facilities to benchmark every existing building that is either larger than 5,000 square feet or uses more than 8,000 kilowatt-hours of electricity or energy per year and use that benchmark to determine the State's investment in improving its building stock efficiency;
  - (E) That public buildings be retro-commissioned at least every five years according to guidelines established by the Energy Resources Coordinator (Coordinator);
  - (F) The Comptroller to issue guidelines governing energy savings performance contracts that state departments may enter into with a third party to cover the capital costs of energy-efficiency measures and distributed generation, and which the Comptroller will review, provided that the Comptroller may exempt specific projects for cost-effectiveness;
  - (G) Investments in energy efficiency for existing public buildings that undergo a major retrofit or renovation, provided that costs will be recouped within 20 years;
  - (H) Property energy consumption information to be disclosed in the sale or lease of real property according to guidelines developed by the Coordinator; and
  - (I) Providing a net-zero income tax credit for the first year a building becomes a qualifying net-zero building (i.e., produces more electricity than it consumes) in amounts ranging from \$3 to \$9 per square foot for qualifying buildings with at least 1,000 square feet, and with a cap of \$50,000 for any one building; and
- (2) Including the following in the Public Benefits Fee Administrator's (Administrator) duties and responsibilities:



- (A) Conducting energy-efficiency assessments to identify current energy use patterns and areas for potential energy savings;
- (B) Establishing aggressive energy-efficiency plans;
- (C) Establishing on-bill financing programs to encourage consumer purchase of energy-efficient electrical appliances, solar water heaters, and photovoltaic systems;
- (D) Conducting building code analysis and review, and developing and implementing specified recommendations;
- (E) Establishing educational programs on the economics of energy-efficient properties; and
- (F) Processing solar water heater system installation variances.

The Department of Accounting and General Services supported this bill. The Department of Business, Economic Development, and Tourism, Hawaiian Electric Company, Hawaii Electric Light Company, Maui Electric Company, Hawaii Renewable Energy Alliance, and Blue Planet Foundation supported this measure with amendments. Honolulu Seawater Air Conditioning, LLC, supported the intent of this bill. The Hawaii Association of Realtors opposed this measure. PUC and the Tax Foundation of Hawaii provided comments.

Your Committee acknowledges concerns raised by the Hawaii Association of Realtors that the provisions in this bill requiring the disclosure of energy consumption information at the point of sale for real property will have a considerable impact on the real estate industry, including transaction delays and a possible increase in costs that would be passed on to consumers.

Your Committee notes that this measure presumes that the cost burden of obtaining the required information would be borne by the seller or lessor, and does not indicate who will provide such information. Additionally, "energy consumption information" is not specified.



Accordingly, your Committee has amended this bill by specifying that property owners and lessors shall provide utility bills for the most recent three-month period in which the property was occupied prior to sale or lease, and allowing an exemption if the property has no utility accounts associated with it; and

Your Committee has further amended this bill by:

- (1) Clarifying "cost-effective" in relation to the requirement that the Administrator establish aggressive energy-efficiency plans with efficiency as the first loaded resource where it is cost-effective; and
- (2) Making technical, nonsubstantive amendments for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1173, S.D. 2, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Finance in the form attached hereto as S.B. No. 1173, S.D. 2, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Consumer  
Protection & Commerce,

  
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ROBERT N. HERKES, Chair



**Record of Votes of the Committee on Consumer Protection & Commerce**

Bill/Resolution No.: <b>SB 1173 (D2 HD)</b>	Committee Referral: <b>EEP/WLD, CPC, FIN</b>	Date: <b>3/23/09</b>		
<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)				
CPC Members	Ayes	Ayes (WR)	Nays	Excused
1. HERKES, Robert N. (C)	✓			
2. WAKAI, Glenn (VC)	✓			
3. BELATTI, Della Au	✓			
4. CABANILLA, Rida				✓
5. CARROLL, Mele				✓
6. ITO, Ken	✓			
7. KARAMATSU, Jon Riki	✓			
8. LUKE, Sylvia	✓			
9. McKELVEY, Angus L.K.				✓
10. MIZUNO, John M.	✓			
11. MORITA, Hermina M.	✓			
12. SOUKI, Joseph M.				✓
13. TSUJI, Clift	✓			
14. MARUMOTO, Barbara C.		✓		
15. THIELEN, Cynthia	✓			
TOTAL (15)	10	1	0	4
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
If joint referral, _____ did not support recommendation. <small style="text-align: center;">committee acronym(s)</small>				
Vice Chair's or designee's signature: _____				
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