

STAND. COM. REP. NO. **359**

Honolulu, Hawaii

FEB 20 2009

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

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

Madam:

Your Committees on Energy and Environment and Commerce and
Consumer Protection, to which was referred S.B. No. 1173 entitled:

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

beg leave to report as follows:

The purpose of this measure is to do the following:

- (1) Direct the Public Utilities Commission to establish energy efficiency portfolio standards;
- (2) Direct the Public Benefits Fee Administrator to review energy use patterns and develop an energy efficiency plan;
- (3) Direct the Energy Resources Coordinator to review energy efficiency in building construction and to recommend amendments to county building codes and the state building code;
- (4) Require the state building code to contain provisions of the International Energy Conservation Code and direct the counties to adopt those provisions;
- (5) Allow for the review of energy efficiency in existing state buildings and direct the Energy Resources Coordinator to establish energy efficiency guidelines for retro-commissioning and retrofits;



- (6) Require existing state buildings to be retro-commissioned no less than every five years;
- (7) Require the Energy Resources Coordinator to publish an annual energy efficiency report;
- (8) Require energy performance contracts for retro-commissioning to meet energy efficiency standards;
- (9) Expand the "Pay As You Save" pilot program to include photovoltaic energy systems and refrigerator exchanges;
- (10) Direct the Public Benefits Fee Administrator to develop and implement a program to encourage residential retail electricity customers to replace inefficient household appliances with ENERGY STAR appliances;
- (11) Provide a net-zero energy building tax credit to builders of residential or commercial buildings that produce enough energy that is equal to or greater than the energy consumed by the occupants of the building;
- (12) Direct the Public Utilities Commission to establish a consumer information program on energy efficient properties; and
- (13) Allow a taxpayer who claims the low-income household renter's tax credit to transfer the credit to the taxpayer's landlord.

Testimony in support of the measure was submitted by two private organizations. Testimony in support, with suggested amendments, was submitted by one private organization. Comments were submitted by three state departments and six private organizations. Written testimony presented to the Committees may be reviewed on the Legislature's website.

Given the scope and complexity of the issues addressed in this measure and in similar bills under consideration, including S.B. No. 871, your Committees assembled an informal working group consisting of various stakeholders to discuss the proposed measure and the issues raised therein, to try to reach a consensus on addressing concerns and comments expressed in the testimony. Your Committees invited representatives from the Public Utilities Commission, the Department of Taxation, the Department of



Business, Economic Development, and Tourism, the Hawaii Solar Energy Association, The Gas Company, Hawaiian Electric Company, the Building Industry Association, Blue Planet Foundation, the Land Use Research Foundation, and the Sierra Club. After several meetings with these various stakeholders, a consensus was reached regarding the amendments discussed below.

Your Committees have amended the measure by deleting its contents and inserting a revised version of S.B. No. 871 provided by the Department of Business, Economic Development, and Tourism, which:

- (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 such 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-electricity-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; and
- (12) Revises the renewable energy technologies income tax credit to encourage commercial 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.

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

Respectfully submitted on
behalf of the members of the
Committees on Energy and
Environment and Commerce and
Consumer Protection,



ROSALYN H. BAKER, Chair

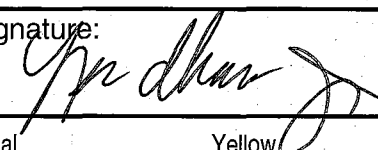


MIKE GABBARD, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Commerce and Consumer Protection
CPN

Bill / Resolution No.:* SB 1173	Committee Referral: ENE/CPN, WAM	Date: 2-17-09		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
BAKER, Rosalyn H. (C)	✓			
IGE, David Y. (VC)				✓
ESPERO, Will				✓
GREEN, M.D., Josh	✓			
IHARA, Jr., Les	✓			
SAKAMOTO, Norman				✓
HEMMINGS, Fred	✓			
TOTAL	4	0	0	3
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's 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