

Honolulu, Hawaii

FEB 20 2009

RE: S.B. No. 390
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. 390 entitled:

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

begs leave to report as follows:

The purpose of this measure is to clarify provisions of Act 204, Session Laws of Hawaii 2008, which mandated the installation of solar water heater systems for single-family dwellings and limit to an absolute minimum the circumstances by which a fossil fuel fired water heater of any type may be substituted.

Specifically, this measure accomplishes the following:

- (1) Directs the Public Benefits Fee Administrator, rather than the Energy Resources Coordinator, to handle variance applications from the mandatory solar water heating system provisions;
- (2) Requires that the attestation in the mandatory solar water heating system variance application be submitted by a mechanical engineer;
- (3) Deletes the provision allowing substitution of gas-tankless appliances for solar water heating systems;
- (4) Requires the Public Benefits Fee Administrator to make public all applications for variances and the disposition of all applications for variances;



- (5) Reduces the amount of the tax credit for wind-powered energy systems or photovoltaic energy systems if such systems are used to fulfill the substitute renewable energy requirement for solar water heating systems;
- (6) Directs the Public Utilities Commission to harmonize its standards for solar water heating systems with those adopted by the Public Benefits Fee Administrator; and
- (7) Directs the Public Benefits Fee Administrator to use demand side management surcharges to conduct post-installation verification inspections.

Testimony in support of the measure was submitted by one private organization. Testimony in support of the intent of the measure, with comments or concerns, was submitted by two state departments and three private organizations. Testimony in opposition to the measure was submitted by one private organization. Written testimony presented to the Committee may be reviewed on the Legislature's website.

Your Committee finds that this measure clarifies and builds upon the accomplishments of Act 204, Session Laws of Hawaii 2008. The transfer of some of the responsibilities under the solar mandate to the Public Benefits Fee Administrator allows the State to take advantage of the Administrator's up-to-date understanding of solar technology and the basis for granting or denying waivers and for performing post-installation verification inspections. However, your Committee also finds that deleting the gas-tankless substitution option limits consumers' choices in seeking energy efficient alternative solutions. Further, your Committee finds that several provisions of this measure are better incorporated into other measures under consideration by the Legislature.

Your Committee has amended this measure by:


- (1) Deleting its purpose clause;
- (2) Deleting provisions that would have repealed the existing gas-tankless substitution option as an alternative to the solar water heater system requirement;



- (3) Specifically directing the Public Benefits Fee Administrator to perform post-installation verification inspections;
- (4) Deleting the provisions regarding tax credits, as these provisions have been incorporated into S.B. No. 1173;
- (5) Deleting the provisions directing the Public Utilities Commission to harmonize its standards for solar water heating systems with those adopted by the Public Benefits Fee Administrator, as the responsibilities for instituting standards are within the purview of the Public Benefits Fee Administrator;
- (6) Changing its effective date from January 1, 2009, to July 1, 2009; and
- (7) Making technical, nonsubstantive stylistic changes.

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. 390, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 390, S.D. 1, and be referred to the Committee on Ways and Means.

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



MIKE GABBARD, Chair



The Senate
Twenty-Fifth Legislature
State of Hawaii

Record of Votes
Committee on Energy and Environment
ENE

Bill / Resolution No.:* SB 390	Committee Referral: ENE, WAM	Date: 19 Feb 2009
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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)	✓			
ENGLISH, J. Kalani (VC)	✓			
GREEN, M.D., Josh	✓			
HOOSER, Gary L.	✓			
IHARA, Jr., Les				✓
KOKUBUN, Russell S.	✓			
HEMMINGS, Fred	✓			
TOTAL	6			1

Recommendation: Adopted Not Adopted

Chair's or Designee's Signature: *J. Kalani English*

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*Only one measure per Record of Votes