The Chamber of Commerce of Hawaii

The Voice of Business in Hawaii

February 5, 2009

Representative Hermina Morita, Chair
COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION
Representative Ken Ito, Chair
COMMITTEE ON WATER, LAND & OCEAN RESOURCES
Conference Room 325
State Capitol
415 South Beretania Street

Representatives Morita and Ito:

Subject: House Bill No. 431 Relating to Energy Efficiency

My name is Jim Tollefson, President of the Chamber of Commerce of Hawaii. The Chamber of Commerce of Hawaii works on behalf of its members and the entire business community to:

- Improve the state's economic climate
- Help businesses thrive

The Chamber of Commerce of Hawaii has the following concerns regarding the subject bill.

The following is a list that attempts to summarize what is being proposed in the bill.

Energy Efficiency	HB 431
Part I, Add new section to Chapter 196	The energy resources coordinator shall initiate an ongoing review of energy efficiency in building construction throughout the State. As part of the review, the energy resources coordinator shall: 1. Evaluate buildings and homes constructed in the State pursuant to county building codes or the state building code to determine overall energy efficiency in design and construction; 2. Evaluate buildings and homes constructed in the State pursuant to county building codes or the state building code to determine compliance with energy efficiency provisions of either code; 3. Consult with the counties to survey builders to determine the actual costs of complying with energy efficiency requirements of building codes; 4. Assess the feasibility of establishing a net-zero energy building code for residential and commercial construction; 5. Recommend energy efficiency standards for construction of new and renovation of older single family homes, duplexes, and low-rise multi-unit residential buildings, less than three stories in height, to be included in county building codes and the state building code; 6. Recommend amendments to county building codes and the state building code that are consistent with the International Energy Conservation Code and which also maximize the advantages of Hawaii's climate; 7. Evaluate the costs and benefits of requiring advanced meters and energy "dashboard" technologies that allow building occupants to understand and manage energy use and to monitor and improve energy efficiency; 8. Evaluate the feasibility of requiring all new homes constructed in the State to incorporate "cool-roof" technology; 9. Evaluate the feasibility of requiring all new homes constructed in the State to have roofs that are equipped for installation of photovoltaic energy devices; and 10. Evaluate the feasibility of requiring all new homes constructed in the State, or all older homes renovated in the State, to have an energy efficiency certification.

	The energy resources coordinator shall submit a report of its findings and recommendations, including recommended amendments to county building codes or the state building code and proposed legislation, to the legislature no later than twenty days prior to the convening of the regular session of 2010 and shall submit updated reports to the legislature before the convening of each regular legislative session thereafter.
Section 3, Amend the State Building Code	Amends Chapter 197 HRS by including the following: The latest edition of the International Energy Conservation Code within six months of its adoption by the International Code Council
Section 4	Amends Chapter 107 HRS and requires that each county shall use the International Energy Conservation Code, as updated, no later than six months after the adoption of the state building code If a county does not amend the statewide model code with regard to energy efficiency within six months, the sections of the state building code that include provisions of the International Energy Conservation Code shall become applicable as part of the county building code until the county adopts the amendments
Part II, Section 7	Requires that every public building shall be benchmarked on December 31, 2010 on it energy use as a basis in determining the State's investment in improving the efficiency of its own building stock.

It appears that Section 3 and Section 4 of the bill will "mandate" that all new construction comply with the International Energy Conservation Code. The bill also will require all counties to adopt the code for building purposes.

In other Cities or municipalities, government has led by example by "Mandating" that all government projects achieve a certain green or sustainable design standard. In so doing, the design professionals and contractors in these Cities were educated and developed the necessary hands on experience to build a green or sustainable project. AFTER the design professionals and contractors gained this experience, there were incentives created based on their hands on experience, to encourage the private projects to incorporate green or sustainable design. People were able to see that costs and benefits of changing behavior and moving toward more energy efficiency.

There also does not appear to be a comprehensive approach or "game plan" for how we should approach our dependency on imported oil. A comprehensive approach would require research and analysis of the programs and desired outcomes along with the economic analysis of all the costs associated with achieving these outcomes.

We strongly recommend that the Legislature develop a full understanding of the economic impacts created by this type of legislation. Perhaps the Legislature should conduct its own analysis or comparison to determine, at a minimum, the following:

1. What specific outcome or range of outcomes would each of the bills achieve;
2. Discuss the public benefits among the different outcomes and assess whether or not government involvement is necessary;
3. If government involved is desired, assess the pros and cons of providing incentives or mandating compliance to achieve the desired outcomes.

While we see interest in the market moving toward more energy efficiency and sustainable designs, we believe there is much more that needs to be done before public policy makers "Mandate" any more "green or sustainable" legislation.

If the decision is to move the bill forward, we would strongly recommend that Sections 3 and 4 of the bill be removed entirely.

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LINDA LINGLE
GOVERNOR

RUSS K. SAITO
Comptroller

BARBARA A. ANNIS
Deputy Comptroller

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING
AND GENERAL SERVICES
P.O. BOX 119
HONOLULU, HAWAII 96810-0119

TESTIMONY
OF
RUSS K. SAITO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
HOUSE COMMITTEES
ON
ENERGY & ENVIRONMENTAL PROTECTION
AND
WATER, LAND, & OCEAN RESOURCES
ON
February 5, 2009

H.B. 431

RELATING TO ENERGY EFFICIENCY

Chair Morita, Chair Ito, and members of the Committees, thank you for the opportunity to testify on H.B. 431.

The Department of Accounting and General Services (DAGS) has concerns about H.B. 431.

In particular, this bill, at page 6, lines 7 to 9, requires that the latest edition of the International Energy Conservation Code be adopted as a state building code within six months of its adoption by the International Code Council. This is impractical. The state building code is not one but a suite of building codes, each patterned after a national or international standard code. These national or international codes, including building codes, residential building, existing building, fire, plumbing, electrical, elevator, mechanical, boiler, and more, are updated/published every three years or so. If the desire is to shorten the adoption interval, it should be shortened for all of the codes. Practically,

six months is unrealistic based on the law and administrative rule making process by which the codes are amended and adopted.

Further, requiring each county, at page 6, line 21 to page 7, line 2, adopt the code within 6 months is not practical in light of the process for approving county ordinances by which the code would be put into effect in the counties. Given this, the requirement at page 7, lines 6 to 11, is irrelevant.

Page 9, lines 3 thru 7 requires that performance targets for energy efficiency be 30% higher than the most recent International Energy Conservation Code. This is illogical. The most recent International Energy Conservation Code will become the standard for energy efficiency. It is a contradiction in terms to set it as the standard if designs against it can be 30% better.

Page 12, line 3 to page 13, line 10 are totally unnecessary and may interfere with the effective procurement of energy performance contracts that the guidelines established by the Comptroller, and called for by Chapters 103 and 103D of the Hawai'i Revised Statutes and chapter 3-122 thru 132 of the Hawai'i Administrative Rules.

DAGS recommends that H.B. 1053 be advanced.

Thank you for the opportunity to testify on this matter.

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HAWAII
DEVELOPERS' COUNCIL

February 5, 2009

Representative Hermina Morita, Chair
COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION
Representative Ken Ito, Chair
COMMITTEE ON WATER, LAND & OCEAN RESOURCES
Conference Room 325
State Capitol
415 South Beretania Street

Representatives Morita and Ito:

Subject: House Bill No. 431 Relating to Energy Efficiency

My name is Dean Uchida, Vice President of the Hawaii Developers' Council (HDC). We represent over 200 members and associates in development-related industries.
The mission of Hawaii Developers' Council (HDC) is to educate developers and the public regarding land, construction and development issues through public forums, seminars and publications.

It is also the goal of HDC to promote high ethics and community responsibility in real estate development and related trades and professions.

The HDC has the following concerns regarding the subject bill.

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While we see interest in the market moving toward more energy efficiency and sustainable designs, we believe there is much more that needs to be done before public policy makers "Mandate" any more "green or sustainable" legislation.

If the decision is to move the bill forward, we would strongly recommend that Sections 3 and 4 of the bill be removed entirely.

Thank you for the opportunity to share our views with you.

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blue planet FOUNDATION

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
HOUSE COMMITTEE ON WATER, LAND, & OCEAN RESOURCES
February 5th, 2008, 10:05 A.M.
Room 325
(Testimony is 1 page long)

TESTIMONY IN STRONG SUPPORT OF HB 431 WITH AMENDMENTS

Chairs Morita and Ito and members of the committees:

The Blue Planet Foundation strongly supports House Bill 432, analyzing, recommending, and adopting new building energy efficiency codes, including provisions of the International Energy Conservation Code (IECC). We strongly support efforts to radically increase the efficiency of new and existing buildings in Hawai'i, as buildings are the largest consumer of electricity and the building stock turns over very slowly. **To this end, Blue Planet supports the adoption of more aggressive building code standards by the counties—30% better than IECC.** Such a stringent building code would yield the construction of high performance buildings in Hawai'i—performance that would result in much lower energy bills over the life of the home or building.

Energy efficiency—efficient lights, appliances, electronics, behavior changes, and the like—is the largest, cheapest, safest, and fastest energy option that Hawai'i can implement. Consider:

- Energy efficiency is the fastest-growing U.S. "energy source" (growth of ~2.5 to 3.5% annually)
- National energy efficiency programs save energy at an average cost of about 3 cents/kWh -- *about 1/10 the average electricity cost in Hawaii*
- Leading states are saving over 1% additional of total electricity sales annually
- Energy efficiency provides major local economic benefits: energy efficiency is 100% obtained from investment in local homes and businesses
- It is also the least visible, least understood, and most neglected

Efficiency investments pay back to Hawaii's residents and economy in numerous ways. First, the investment in efficiency pays back in savings during the home or building's occupancy and use. Second, building more high performance buildings is typically more labor and material intensive than structures that are inefficient, resulting in more job creation—the tradeoff being money is directed toward local jobs and contractors instead of going overseas to purchase fossil fuel. Finally, building high performance buildings is the only way for Hawai'i to achieve its clean energy future. We simply cannot meet our growing energy demands in the short term without radically improving the efficiency of our buildings.

Please pass HB 431 with a requirement that counties adopt building codes that achieve 30% greater efficiency than the most recent IECC. Thank you for the opportunity to testify.

Jeff Mikulina, executive director • jeff@blueplanetfoundation.org