



**DEPARTMENT OF BUSINESS,  
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Statement of  
**THEODORE E. LIU**  
Director  
Department of Business, Economic Development, and Tourism  
before the  
**HOUSE COMMITTEE**  
**ON**  
**ENERGY AND ENVIRONMENTAL PROTECTION**  
Tuesday, March 9, 2010  
9:00 am  
State Capitol, Conference Room 325

in consideration of  
**SB2563, SD1**  
**RELATING TO ENERGY EFFICIENCY.**

Chair Morita, Vice Chair Coffman, and Members of the Committee. The Department of Business, Economic Development, and Tourism (DBEDT) supports SB2563,SD1, which facilitates the development of alternative fuels and supports the attainment of a statewide alternate fuel standard by adding the standard of 30 percent by 2030. Through our Hawaii Clean Energy Initiative, we fully support the development of alternative fuels.

At this time, we would like to offer an amendment to this bill. The amendment is directed to Chapter 196-6.5, Solar water heater system required for new single-family residential construction. As presently written the application for a variance from this mandate is assigned to the Energy Resources Coordinator. As of January 1, 2010, we have had over 55 applications for variances. The staff time required to address inquiries related to the mandate, county building codes, and to process applications has taken time needed to focus on American Recovery and Reinvestment Act (ARRA) programs and federal requirements related to ARRA. Therefore, we strongly recommend that applications for variances be

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# A BILL FOR AN ACT

RELATING TO ENERGY EFFICIENCY.

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

SECTION 1. Section 196-42, Hawaii Revised Statutes, is amended to read as follows:

"~~[†]~~§196-42~~[†]~~ **State support for achieving alternate fuels standards.** The State shall facilitate the development of alternate fuels and support the attainment of a statewide alternate fuel standard of ten per cent of highway fuel demand to be provided by alternate fuels by 2010, fifteen per cent by 2015, ~~[and]~~ twenty per cent by 2020~~[-]~~, and thirty per cent by 2030. For purposes of the alternate fuels standard, ethanol produced from cellulosic materials shall be considered the equivalent of 2.5 gallons of noncellulosic ethanol. "Alternate fuels" shall have the same meaning as contained in 10 Code of Federal Regulations Part 490; provided that it shall also include liquid or gaseous fuels produced from renewable feedstocks such as organic wastes, or from water using electricity from renewable energy sources."

SECTION 2. Section 196-6.5, Hawaii Revised Statutes, is amended to read as follows:

**"§196-6.5 Solar water heater system required for new single-family residential construction.** (a) On or after January 1, 2010, no building permit shall be issued for a new single-family dwelling that does not include a solar water heater system that meets the standards established pursuant to section 269-44, unless the ~~[energy resources coordinator]~~ county that issues the building permit approves a variance. A variance application shall only be accepted if submitted by an architect or mechanical engineer licensed under chapter 464, who attests that:

- (1) Installation is impracticable due to poor solar resource;
- (2) Installation is cost-prohibitive based upon a life cycle cost-benefit analysis that incorporates the average residential utility bill and the cost of the new solar water heater system with a life cycle that does not exceed fifteen years;
- (3) A renewable energy technology system, as defined in section 235-12.5, is substituted for use as the primary energy source for heating water; or
- (4) A demand water heater device approved by Underwriters Laboratories, Inc., is installed; provided that at

least one other gas appliance is installed in the dwelling. For the purposes of this paragraph, "demand water heater" means a gas-tankless instantaneous water heater that provides hot water only as it is needed.

(b) A request for a variance shall be submitted to the ~~[energy resources coordinator]~~ county that issues the building permit on an application prescribed by the ~~[energy resources coordinator]~~ county and shall include a description of the location of the property and justification for the approval of a variance using the criteria established in subsection (a). A variance shall be deemed approved if not denied within thirty working days after receipt of the variance application. The ~~[energy resources coordinator]~~ county shall publicize:

- (1) All applications for a variance within seven days after receipt of the variance application; and
- (2) The disposition of all applications for a variance within seven days of the determination of the variance application.

(c) Nothing in this section shall preclude any county from establishing procedures and standards required to implement this section.

(d) Nothing in this section shall preclude participation in any utility demand-side management program or public benefits

fund under part VII of chapter 269. [L 2008, c 204, §2; am L 2009, c 155, §14]"

SECTION 3. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 4. This Act shall take effect on July 1, 2055.