
A BILL FOR AN ACT

RELATING TO ENERGY.

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

1 SECTION 1. The legislature finds that state agencies are
2 interested in using energy savings performance contracting to
3 improve the energy efficiency of their facilities, thereby
4 addressing deferred maintenance and reduced facility life cycle
5 operating costs. Energy savings performance contracting is a
6 method of paying for facility improvements using energy and
7 operational savings through a contracting vehicle that provides
8 an opportunity to turn wasted energy and operating cost into
9 capital improvements. Typically, the energy conservation
10 measures and alternative energy measures are financed through a
11 municipal lease agreement with annual payments funded by the
12 guaranteed utility and energy-related operating and maintenance
13 savings.

14 Section 36-41(a), Hawaii Revised Statutes, states in
15 pertinent part:

16 Agencies that perform energy efficiency
17 retrofitting may continue to receive budget
18 appropriations for energy expenditures at an



1 amount that shall not fall below the pre-
2 retrofitting energy budget but shall rise in
3 proportion to any increase in the agency's
4 overall budget for the duration of the
5 performance contract or project payment
6 term.

7 The legislature finds that the current language creates
8 uncertainty and risk for agencies. Under energy savings
9 performance contracting, the energy savings from the energy
10 savings performance contracting project frees up a portion of
11 the "pre-retrofitting energy budget" that is commonly used to
12 enable the agencies to obtain municipal lease financing for
13 their projects. This provides alternative financing that will
14 allow projects to proceed expeditiously rather than waiting for
15 general obligation bond funds that may or may not be
16 appropriated.

17 A change in the statute's language from permissive to
18 mandatory ("may" to "shall") in section 36-41(a), Hawaii Revised
19 Statutes, will remove the uncertainty for agencies regarding the
20 ability to direct the savings from an energy savings performance
21 contracting project available to fund the municipal lease
22 payment. This will enable more energy savings performance



1 contracting projects to be implemented, reduce Hawaii's
2 dependency on foreign oil, lessen utility pricing volatility due
3 to increasing oil pricing, and provide agencies with the ability
4 to address deferred maintenance issues without capital
5 improvements project bond funding.

6 The purpose of this Act is to clarify that state agencies
7 that perform energy efficiency retrofitting must continue to
8 receive budget appropriations for energy expenditures at an
9 amount that does not fall below the pre-retrofitting energy
10 budget.

11 SECTION 2. Section 36-41, Hawaii Revised Statutes, is
12 amended by amending subsection (a) to read as follows:

13 "(a) All agencies shall evaluate and identify for
14 implementation energy efficiency retrofitting through
15 performance contracting. Agencies that perform energy
16 efficiency retrofitting [~~may~~] shall continue to receive budget
17 appropriations for energy expenditures at an amount that shall
18 not fall below the pre-retrofitting energy budget but shall rise
19 in proportion to any increase in the agency's overall budget for
20 the duration of the performance contract or project payment
21 term."



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

3 SECTION 4. This Act shall take effect upon its approval.
4

INTRODUCED BY:

Fono O'neig
Deborahina

Normina D'Norte
Roderic T. R. Cebanilla
Gynthia Hipelen
Sharon D. De
Denny Coffman
Alvario

JAN 25 2011



Report Title:

Energy Efficiency Retrofitting; State Agencies; Budget

Description:

Ensures that agencies that enter into energy performance contracts shall continue to receive budget appropriations for energy expenditures in an amount that shall not fall below the pre-performance contract budget.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

