

JAN 21 2011

S.B. NO. 189

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 utilizing energy savings performance contracting
3 to improve the energy efficiency of their facilities, addressing
4 deferred maintenance and reduced facility life cycle operating
5 costs. Energy savings performance contracting is a method of
6 paying for facility improvements using energy and operational
7 savings through a contracting vehicle that provides an
8 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 retrofitting
17 may continue to receive budget appropriations for
18 energy expenditures at an amount that shall not fall



1 below the pre-retrofitting energy budget but shall
2 rise in proportion to any increase in the agency's
3 overall budget for the duration of the performance
4 contract or project payment term.

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

14 A change in the statute's language from permissive to
15 mandatory ("may" to "shall") in section 36-41(a), Hawaii Revised
16 Statutes, will remove the uncertainty for agencies regarding the
17 ability to direct the savings from an energy savings performance
18 contracting project available to fund the municipal lease
19 payment. This will enable more energy savings performance
20 contracting projects to be implemented, reduce Hawaii's
21 dependency on foreign oil, lessen utility pricing volatility due
22 to increasing oil pricing, and provide the ability for agencies



1 to address deferred maintenance issues without capital
2 improvements project bond funding.

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

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

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

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

21



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

2

INTRODUCED BY:









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.

