

STAND. COM. REP. NO.

40

Honolulu, Hawaii

Feb 7, 2011

RE: H.B. No. 1366  
H.D. 1

Honorable Calvin K.Y. Say  
Speaker, House of Representatives  
Twenty-Sixth State Legislature  
Regular Session of 2011  
State of Hawaii

Sir:

Your Committee on Energy & Environmental Protection, to which was referred H.B. No. 1366 entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose of this bill is to work towards improving the energy efficiency of state facilities by ensuring that state agencies that enter into energy performance contracts continue to receive budget appropriations for energy expenditures in an amount that does not fall below the funds appropriated and budgeted for that purpose prior to entering into the performance contract.

The Department of Accounting and General Services, Department of Business, Economic Development, and Tourism, and Noresco testified in support of this bill. The Department of Budget and Finance supported the intent of this measure.

Currently, a number of state agencies have shown interest in retrofitting and upgrading their facilities to improve the energy efficiency of these facilities. However, difficulties have been faced when determining how to pay for these facility improvements. One method currently available to finance these improvements is through energy savings performance contracting. Energy savings performance contracting is a method of paying for facility improvements using energy and operational savings through a contracting vehicle that provides an opportunity to turn wasted energy and operating cost into capital improvements. Typically,

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the energy cost savings generated by conservation and alternative energy measures are used to pay off the original investment, plus financing and maintenance costs, over the term of the contract. Although this option is currently available to state agencies, uncertainty continues to exist regarding whether the agencies that perform energy efficiency retrofitting will continue to receive budget appropriations for energy expenditures at an amount that does not fall below the pre-retrofitting energy budget. This measure removes this uncertainty by requiring the continued receipt of budget appropriations at no lower than pre-retrofitting energy budget levels.

Additionally, your Committee was informed that clarification is needed with regard to the term of an energy performance contract; if the term included the construction period, agencies would be able to obtain additional solutions with longer payback periods.

Accordingly, your Committee has amended this bill by clarifying that the term of energy performance contracts shall not exceed 20 years following completion of construction.

Technical, nonsubstantive amendments were also made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Energy & Environmental Protection that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 1366, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1366, H.D. 1, and be referred to the Committee on Finance.

Respectfully submitted on  
behalf of the members of the  
Committee on Energy &  
Environmental Protection,

*Hermina Morita*

HERMINA MORITA, Chair



State of Hawaii  
House of Representatives  
The Twenty-sixth Legislature

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Record of Votes of the Committee on Energy & Environmental Protection

Bill/Resolution No.: HB 1366	Committee Referral: EEP, FIN	Date: 2-1-2011		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
EEP Members	Ayes	Ayes (WR)	Nays	Excused
1. MORITA, Hermina M. (C)	✓			
2. COFFMAN, Denny (VC)	✓			
3. CABANILLA, Rida T.R.	✓			
4. CARROLL, Mele				✓
5. CHANG, Jerry L.	✓			
6. CHONG, Pono	✓			
7. HAR, Sharon E.	✓			
8. HERKES, Robert N.	✓			
9. ITO, Ken	✓			
10. NAKASHIMA, Mark M.	✓			
11. RIVIERE, Gil	✓			
12. THIELEN, Cynthia	✓			
TOTAL (12)	11	0	0	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ did not support recommendation. committee acronym(s)				
Vice Chair's or designee's signature: <u>Denny Coffman</u>				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				