

Honolulu, Hawaii

MAR 02 2012

RE: S.B. No. 2288
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Ways and Means, to which was referred S.B. No. 2288 entitled:

"A BILL FOR AN ACT RELATING TO ENERGY,"

begs leave to report as follows:

The purpose and intent of this measure is to establish a two-year pilot program using the negotiated partner approach to execute energy savings performance contracts exempt from the requirements of the state procurement code.

Your Committee received written comments in support of this measure from one individual, and written comments in opposition to this measure from the Department of Accounting and General Services.

Your Committee finds that energy savings performance contracts are agreements between an agency and a company by which the company, without any initial agency funds, designs, finances, implements, and maintains changes to an agency facility to increase energy efficiency. The company guarantees that savings will be achieved due to the changes, and the agency agrees to pay the company a part of the resulting savings.

Your Committee further finds that requests for proposals can take eighteen to sixty months to complete. In contrast, the negotiated partner approach, by which an agency may negotiate directly with certain vendors exempt from the state procurement code, can bring about energy savings improvements in twelve to



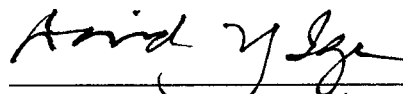
eighteen months. Your Committee further finds that this measure will result in cost savings to the State, improved energy efficiency in state facilities, and more construction jobs.

Your Committee has amended this measure by:

- (1) Deleting the specified dates for the operation for the pilot program to conform to other provisions in the measure;
- (2) Clarifying that title to an energy system being financed under the contract is transferred to the agency upon substantial completion of the project, as agreed to by the agency and lender;
- (3) Inserting reporting requirements for participating agencies to provide the Legislature with information on the results of the pilot program;
- (4) Changing the effective date to July 1, 2050, to facilitate further discussion on the measure; and
- (5) Making technical nonsubstantive amendments for the purposes of style, clarity, and consistency.

As affirmed by the record of votes of the members of your Committee on Ways and Means that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2288, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2288, S.D. 1.

Respectfully submitted on
behalf of the members of the
Committee on Ways and Means,



DAVID Y. ICE, Chair



The Senate
 Twenty-Sixth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
SB 2288	ENE/PSM, WAM	2-27-12		
<input type="checkbox"/> The committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____				
The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313				
Members	Aye	Aye (WR)	Nay	Excused
IGE, David Y. (C)	✓			
KIDANI, Michelle N. (VC)	✓			
CHUN OAKLAND, Suzanne	✓			
DELA CRUZ, Donovan M.	✓			
ENGLISH, J. Kalani	✓			
ESPERO, Will	✓			
FUKUNAGA, Carol	✓			
KIM, Donna Mercado	.	✓		
KAHELE, Gilbert	✓			
KOUCHI, Ronald D.	✓			
RYAN, Pohai	✓			
TOKUDA, Jill N.	✓			
WAKAI, Glenn	✓			
SLOM, Sam		✓		
TOTAL	12	2	0	0
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: <div style="text-align:center; font-family: cursive; font-size: 1.2em;">Michelle N. Kidani</div>				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes