

HB2569 HD2

Measure Title: RELATING TO ENERGY.

Report Title: Department of Education; Net-Zero Energy Use; Classrooms; Cooling; Energy; Microgrids; General Obligation Bonds; Appropriation (\$)

Description: Requires DOE to: (1) Establish a goal of becoming net-zero with respect to energy use by January 1, 2035; (2) Establish microgrid pilot projects at public schools that also serve as emergency shelters; and (3) Expedite the cooling of all public school classrooms. Authorizes the issuance of general obligation bonds and the use of funds from the Green Infrastructure Loan Program to implement cooling measures in public school classrooms. (HB2569 HD2)

Companion:

Package: None

Current Referral: EDU/TRE, WAM

Introducer(s): C. LEE, AQUINO, BELATTI, BROWER, CACHOLA, CHOY, CREAGAN, CULLEN, DECOITE, EVANS, FUKUMOTO CHANG, HAR, HASHEM, ICHIYAMA, ING, ITO, JOHANSON, JORDAN, KAWAKAMI, KEOHOKALOLE, KOBAYASHI, LOPRESTI, LOWEN, LUKE, MATSUMOTO, MCKELVEY, MIZUNO, MORIKAWA, NAKASHIMA, NISHIMOTO, OHNO, OSHIRO, POUHA, RHOADS, SAIKI, SAN BUENAVENTURA, SAY, SOUKI, TAKAYAMA, TAKUMI, THIELEN, TOKIOKA, TSUJI, WOODSON, YAMANE, Onishi



**STATE OF HAWAII
BOARD OF EDUCATION**
P.O. BOX 2360
HONOLULU, HAWAII 96804

**Senate Committee on Education
Senate Committee on Transportation and Energy**

Monday, March 21, 2016
1:15 P.M.
Hawaii State Capitol, Room 229

House Bill 2569, HD2, Relating to Energy

Dear Chairs Kidani and Inouye, Vice Chairs Harimoto and Gabbard, and Members of the Committees:

The Board of Education ("Board") voted to testify in support of House Bill 2569 HD2, which would authorize the issuance of general bonds and the use of funds from the Green Infrastructure Loan Program to implement cooling measures in public school classrooms, as well as require the Department of Education ("Department") to establish a goal of becoming net-zero with respect to energy use, establish microgrid pilot projects at public schools that also serve as emergency shelters, and expedite the cooling of all public school classrooms.

The Board has been actively monitoring the Department of Education's efforts to address heat abatement in Hawaii's schools and has been encouraging partnerships to bring relief to students, teachers, and staff as quickly as possible. The Board supports any funding that will allow the Department of Education to reach the goal of installing air conditioning in 1,000 classrooms by the end of the 2016 calendar year and to continue its heat abatement efforts.

Section 2 of this measure, which requires the Department to establish a goal of becoming net-zero with respect to energy use by January 1, 2035, aligns with Board Policy 301.9 (formerly Board Policy 6710), which requires the Department to adopt a clean energy goal of utilizing 90% on-site renewable energy by 2040. The Board supports any program that will allow the Department of Education to reach its long-term sustainability, renewable energy, and energy efficiency goals.

Thank you for this opportunity to testify on behalf of the Board.

Very truly yours,

A handwritten signature in cursive script that reads "Lance A. Mizumoto".

Lance A. Mizumoto
Chairperson

DAVID Y. IGE
GOVERNOR



WESLEY K. MACHIDA
DIRECTOR

RODERICK K. BECKER
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**TESTIMONY BY WESLEY K. MACHIDA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEES ON EDUCATION AND
TRANSPORTATION AND ENERGY
ON
HOUSE BILL NO. 2569, H.D. 2**

March 21, 2016
1:15 p.m.

RELATING TO ENERGY

House Bill (H.B.) No. 2569, H.D. 2, is a two-part bill that accelerates the cooling of Hawaii public classrooms, establishes energy usage goals for the Department of Education (DOE) and requires the DOE to establish at least one microgrid pilot project at public schools that serve as emergency shelters in each county.

Specifically, Part I of the bill:

- Requires the DOE to establish an energy use goal of net-zero by January 1, 2035 across all public school facilities, sets the amount and value of energy consumed by the DOE during FY 2015-16 as the benchmark for measuring progress, and requires the DOE to submit annual reports to the Legislature each session;
- Requires the DOE to establish at least one microgrid pilot project at public schools that serve as emergency shelters in each county which will provide power to operate the campus without reliance on the existing electric grid, and requires the DOE to report to the Legislature in 2018 with findings and recommendations; and
- Requires the DOE to expedite the cooling of all public school classrooms, requires DOE contractors to maximize energy efficiency and installation and operating cost

savings over the life of the project, and requires the DOE to submit progress reports to the Legislature.

Part II of the bill is identical to H.B. No. 2726 which is the Administration's emergency appropriation measure to accelerate the cooling of public school classrooms and reduce the DOE's energy costs. Part II specifically:

- Appropriates special funds from the Hawaii Green Infrastructure Special Fund to provide a loan to the DOE and the Department of Budget and Finance (B&F) for the equipment and installation of air conditioning, energy efficient lighting and other energy efficiency measures;
- Authorizes DOE and B&F to borrow from the Green Infrastructure Loan Program and authorizes DOE to expend the funds for the equipment and installation of air conditioning, heat abatement equipment, energy efficient lighting and other energy efficiency measures;
- Appropriates general obligation (G.O.) bond funds to DOE for the equipment and installation of air conditioning, heat abatement equipment, energy efficient lighting and other energy efficiency measures; and
- Appropriates general funds to B&F to make the initial loan repayment to the Green Infrastructure Loan Program.

B&F defers to the DOE on Part I of the bill. B&F strongly supports Part II of the bill which will allow DOE to more expeditiously address heat abatement concerns, while employing energy efficiency measures to offset increased energy needs. This measure will allow such projects to be implemented as quickly as possible and with least disruption to the affected schools to provide improved learning and teaching environments for public school students and teachers.

This measure proposes to primarily utilize funds loaned from the Green Infrastructure Loan Program, with G.O. bond funds also requested. Bond Counsel and the Department of the Attorney General have also opined to us that DOE may be a borrower of a green infrastructure (GEMS) loan. In addition, the Public Utilities Commission (PUC) issued a conditional approval of the GEMS loan to the DOE and B&F, which was subject to the Legislature and Governor enacting legislation providing for the appropriation of the loan funds to the DOE and B&F. A copy of the PUC's conditional approval is attached.

Using the GEMS funds will allow the State to make the best use of its existing resources. The GEMS bonds were issued in November 2014, and the GEMS program is incurring millions of dollars of costs and the market for which the bonds were issued no longer exists to the extent originally envisioned. Therefore, the funds are currently available and the proposed use of the GEMS monies to fund heat abatement and cooling measures in Hawaii's public schools will expedite addressing heat related issues in the public schools and appropriately utilize the GEMS program. Although the terms of the loan are still being worked out, the funds will be loaned to DOE and B&F at reasonable rates and those funds can be made available to DOE quickly through the requested emergency appropriations. Additionally, use of this alternative funding source will mean that these projects will not compete for the limited G.O. bond funds that must be used to address projects statewide.

B&F will provide support to this effort as co-borrower of the loan and will be responsible for the loan repayments. B&F will continue to work with DOE and the Hawaii Green Energy Infrastructure Authority, who oversees the Green Infrastructure Loan Program, to ensure proper implementation of this proposal.

Attachment

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the Application of)

THE STATE OF HAWAII)
DEPARTMENT OF BUSINESS,)
ECONOMIC DEVELOPMENT,)
AND TOURISM)

DOCKET NO. 2014-0135

For an Order Approving the Green)
Infrastructure Loan Program)

ORDER NO. 33592

CONDITIONALLY APPROVING PROGRAM NOTIFICATION NO. 6

PUBLIC UTILITIES
COMMISSION

2016 MAR 15 P 3 21

FILED

At the Conference, the Authority shared its plan to deploy a \$100,000,000 term loan ("DOE Loan") to the Department of Education ("DOE") and Department of Budget and Finance ("B&F") for an Energy Efficiency/Heat Abatement Project ("DOE Project").¹ The DOE Project would utilize GEMS funds to finance the retrofitting of a number of DOE schools with energy efficiency measures and the installation of heat abatement measures, including air conditioners.

The Authority explained that the issuance and repayment of the DOE Loan would require legislative action. Specifically, the Authority explained that House Bill No. 2569 (2016), as amended ("HB 2569"), was introduced, in part, to appropriate \$100,000,000 from the Hawaii Green Infrastructure Special Fund ("GEMS Special Fund") to be loaned to DOE and B&F. Without this appropriation, the Authority explained that it would not be able to issue the DOE Loan. House Bill No. 2569 also authorizes DOE and B&F to borrow the money from the Authority and authorizes an appropriation out of the general revenues of the State for the initial DOE Loan repayment.

On February 23, 2016, the Authority filed Program Notification No. 6 to deploy capital to government agencies for commercial energy efficiency. At the Conference,

¹Commission Letter issued on February 8, 2016, attachment, at 8.

the Authority explained that the DOE Loan would be made pursuant to Program Notification No. 6.

II.

Findings and Conclusions

The commission finds that Program Notification No. 6 meets the minimum requirements as provided in Decision and Order No. 32318, filed September 30, 2014, which approved the GEMS Program. However, it is not clear that HB 2569 will be enacted. Further, the commission is concerned that Program Notification No. 6 does not provide sufficient assurances or safeguards to ensure repayment of the DOE Loan, as repayment is contingent upon legislative action, as discussed above.

Senate Bill No. 3126 (2016), as amended ("SB 3126"), was introduced as a companion bill to HB 2569, meaning that the two bills were introduced with the exact same content in order to allow both houses of the legislature to consider the proposal simultaneously. However, on February 29, 2016, the Senate Committee on Ways and Means ("WAM") adopted amendments to SB 3126 that would do the following:

- 1) Delete the authorization of DOE and B&F to borrow moneys from the Authority;
- 2) Delete the appropriation of general funds to make the initial loan repayment; and

3) Replace the GEMS Special Fund as the means of financing the DOE Project with a \$100,000,000 appropriation out of the general funds.²

Accordingly, the commission finds that Program Notification No. 6 should be approved, subject to the legislature and Governor enacting legislation that authorizes an appropriation out of the GEMS Special Fund to loan such moneys to DOE and B&F for capital improvement program equipment, installation costs for air conditioning, energy efficient lighting, and other energy efficiency measures related to heat abatement at public schools. In addition, the Authority shall not deploy any funds to state agencies under Program Notification No. 6 in excess of borrowing amounts authorized by the legislature.

The absence of such legislation obviates the need for Program Notification No. 6, as explained to the commission and docket parties by the Authority. Thus, in the event that such legislation is not enacted, this approval shall be deemed void and of no effect.

²Senate Standing Committee Report No. 2787 (2016) ("SSCR No. 2787").

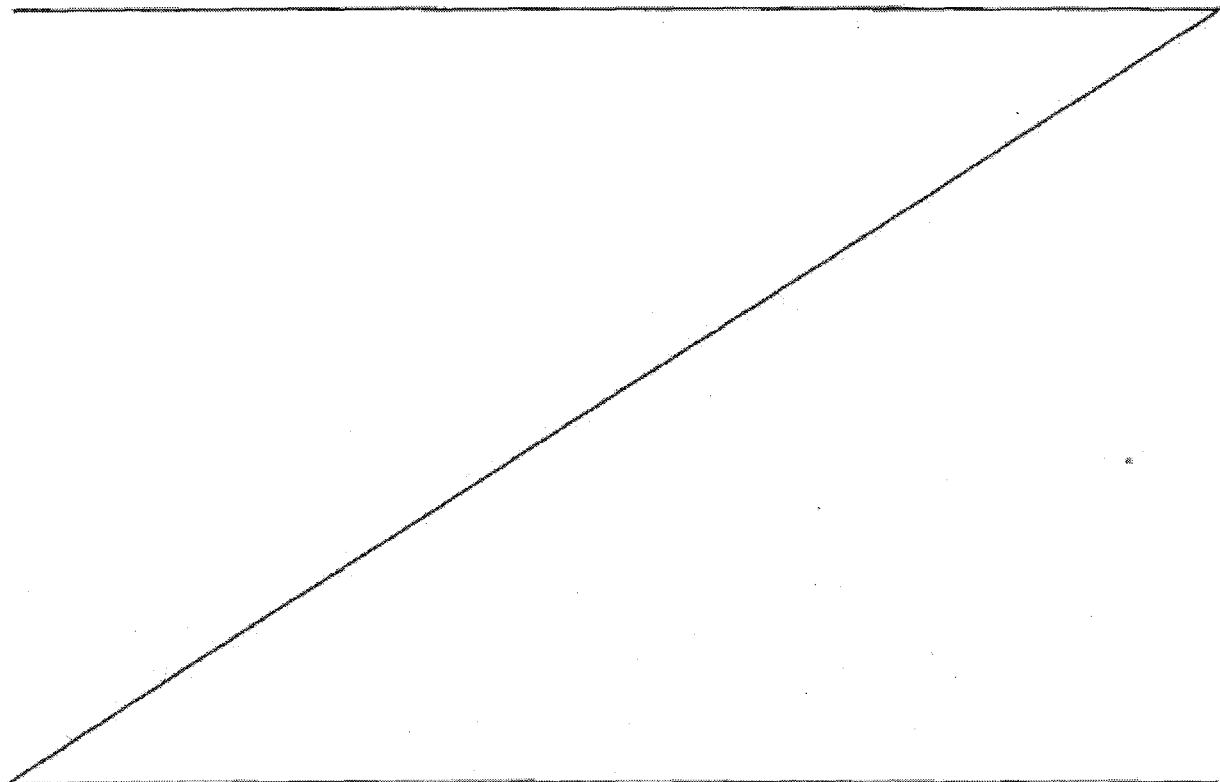
III.

Orders

The commission orders:

1) Program Notification No. 6 is conditionally approved, provided that the legislature and Governor enact legislation authorizing an appropriation out of the GEMS Special Fund to loan such moneys to DOE and B&F for capital improvement program equipment, installation costs for air conditioning, energy efficient lighting, and other energy efficiency measures related to heat abatement at public schools.

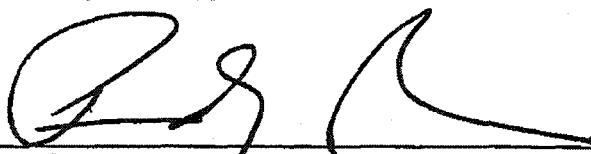
2) In the event that such legislation is not enacted, this approval shall be deemed void and of no effect.



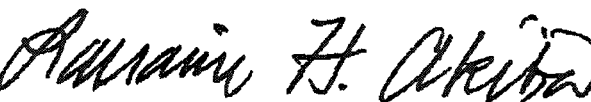
3) The Authority shall not deploy any funds to state agencies under Program Notification No. 6 in excess of borrowing amounts authorized by the legislature.

DONE at Honolulu, Hawaii MAR 15 2016.

PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

By 
Randall Y. Iwase, Chair

By 
Michael E. Champley, Commissioner

By 
Lorraine H. Akiba, Commissioner

APPROVED AS TO FORM:


Shannon Mears
Commission Counsel

2014-0135.ljk

CERTIFICATE OF SERVICE

The foregoing Order was served on the date of filing by mail, postage prepaid, and properly addressed to the following parties:

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Attorney General of Hawaii
DEBORAH DAY EMERSON
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DANIEL G. BROWN
MANAGER-REGULATORY NON-RATE PROCEEDINGS
HAWAIIAN ELECTRIC COMPANY, INC.
HAWAII ELECTRIC LIGHT COMPANY, INC.
MAUI ELECTRIC COMPANY, LTD.
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RICK REED
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Certificate of Service

Page 2

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STATE OF HAWAII
DEPARTMENT OF DEFENSE

TESTIMONY ON HOUSE BILL 2569 HD2
A BILL RELATING TO ENERGY

PRESENTATION TO
THE SENATE COMMITTEES ON
EDUCATION and TRANSPORTATION AND ENERGY

BY
MAJOR GENERAL ARTHUR J. LOGAN
ADJUTANT GENERAL
AND DIRECTOR OF THE HAWAII EMERGENCY MANAGEMENT AGENCY
March 21, 2016

Chairs Kidani and Inouye, Vice Chairs Harimoto and Gabbard and the Members of the Senate Committees on Education; and Transportation and Energy.

I am Major General Arthur J. Logan, State Adjutant General and the Director of the Hawaii Emergency Management Agency. I am testifying in support of the intent of House Bill 2569 HB2.

The measure to provide power to operate school facilities without reliance on commercial power is a good initiative. It will reduce utility costs of the school. This could benefit the public as the selected school facilities could operate as hurricane shelters.

Thank you for allowing me to testify in support of the intent of House Bill 2569 HD2

**Testimony before the
Senate Committee on Education and the
Senate Committee on Transportation and Energy
March 21, 2016, 1:15 pm
Conference Room 229**

H.B. No. 2569, H.D. 2 – Relating to Energy

**By Scott Seu
Vice President, System Operation
Hawaiian Electric Company, Inc.**

Chairs Kidani & Inouye, Vice-Chairs Harimoto & Gabbard, and Members of the Committees:

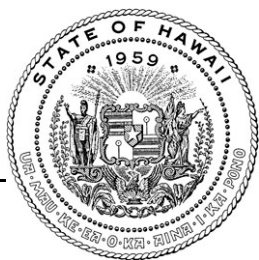
My name is Scott Seu. I am Vice President for System Operation at Hawaiian Electric Company. I am testifying on behalf of Hawaiian Electric and its subsidiary utilities, Maui Electric and Hawaii Electric Light (collectively “Companies”).

We support the elements of this bill that directly relate to cooling the classrooms for our State’s children, and also support the development of microgrids to the extent they can complement the operation of the regular grid and benefit all customers. We have concerns however, that the net zero energy requirement, if not approached holistically and in synch with other energy plans and policies, could lead to unintended negative consequences for the Department of Education (DOE) and other electric customers.

For example, if the net zero requirement drives the DOE to singularly focus on building as much PV as they can at all their school sites, they may face significant technical integration challenges that can be very expensive to work through. Or if the DOE determines that they can only meet net zero by building several larger scale PV farms at a handful of DOE sites, and the goal is applied very literally to require their consumption of this energy, then that could lead the DOE to have to advocate for energy wheeling which can negatively impact other customers and renewable generators. The net zero requirement in this bill also does not emphasize energy efficiency and conservation, nor consider how it meshes with programs such as demand response or time of use pricing.

The Hawaiian Electric companies are already committed to generate or procure 100% of the electricity they provide to customers from renewable energy sources by 2045. The more we can work in synch with our large customers, the greater our chance of succeeding as a whole. We recommend that the net zero requirement be reworked to address these concerns or be deleted from this measure.

Thank you for this opportunity to testify.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
**SENATE COMMITTEES ON EDUCATION
AND
TRANSPORTATION AND ENERGY**

Monday, March 21, 2016
1:15 p.m.
State Capitol, Conference Room 229

in consideration of
HB 2569, HD2
RELATING TO ENERGY.

Chairs Kidani and Inouye, Vice Chairs Harimoto and Gabbard, and Members of the Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) supports HB 2569, HD2. Part I, Sections 1-4 of this measure require the Hawaii Department of Education (DOE) to: (1) establish a goal of becoming net-zero by January 1, 2035; (2) establish a minimum of one micro-grid pilot project in each county at public schools that are civil defense shelters; and (3) expedite the cooling of all public school classrooms to a temperature acceptable for student learning and submit related a report to the Legislature. Part II, Sections 5-10 are recommended by Governor Ige and provides for air conditioning, heat abatement and related energy efficiency measures at public schools using, in part, a loan from the Hawaii green infrastructure loan program. HD2 amended this measure by: (1) changing the authorized general obligation bond issuance and Green Infrastructure Loan Program loan amounts to unspecified amounts; (2) changing the effective date to July 1, 2030, to encourage further discussion; and, (3) making technical non-substantive amendments.

DBEDT does not take a position on the HD2 amendments.

With respect to Part II of this bill, DBEDT strongly supports the deployment of cost-effective energy efficiency, which helps ensure continued progress to our Energy Efficiency Portfolio Standards and the goals of the Hawaii Clean Energy Initiative. DBEDT would also like to note that use of the Green Energy Market Securitization Bonds 2014 Series A bond sale proceeds for cost-effective energy efficiency is consistent with the “green bond” designation.

In order to be consistent with the statutorily approved uses of the green infrastructure loan program, DBEDT suggests that the language on page 7, line 11, add the additional text, “for the purposes allowed under Hawaii Revised Statutes 196-65(b).” Similarly, DBEDT suggests the following language be added to page 8, line 1, “as permissible under Hawaii Revised Statutes 196-65(b).”

With respect to Part I of HB 2569, HD2, DBEDT supports DOE’s adoption of the Net Zero goal as this is consistent with the State’s clean energy objectives. We further support the deployment of microgrid projects when they are a required infrastructure investment to further our State’s adoption of clean energy in a reliable, safe and cost-effective manner. However, DBEDT is concerned about the expansive nature of Section 3 of this bill which requires the DOE, in conjunction with the Hawaii State Energy Office, amongst others, to examine the microgrid pilot projects to be deployed at each county, and identify how to maximize microgrid inclusion at all DOE public schools. DBEDT notes that the financial and human resources required to fulfill the duties of this bill under Section 3 are not fully addressed in its current budget.

DBEDT respectfully defers to the Hawaii Green Infrastructure Authority on the oversight and use of its funds; the Department of Education on the implementation of this measure; and the Department of Budget and Finance on the use of general obligation bond funds.

Thank you for the opportunity to offer these comments on HB 2569, HD2.



1200 Ala Kapuna Street ♦ Honolulu, Hawaii 96819
Tel: (808) 833-2711 ♦ Fax: (808) 839-7106 ♦ Web: www.hsta.org

Corey Rosenlee
President

Justin Hughey
Vice President

Amy Perruso
Secretary-Treasurer

Wilbert Holck
Executive Director

TESTIMONY BEFORE THE SENATE COMMITTEES ON
EDUCATION and TRANSPORTATION AND ENERGY

RE: HB 2569, HD2 - RELATING TO ENERGY.

MONDAY, MARCH 21, 2016

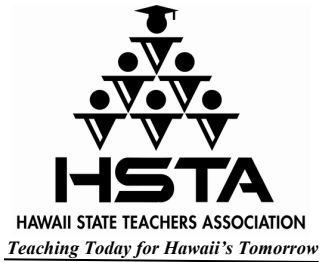
COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Kidani, Chair Inouye, and Members of the Committee:

The Hawaii State Teachers Association **strongly supports HB 2569, HD2,** relating to energy.

It's getting hot in Hawai'i. According to the National Weather Service, our state set over 50 high temperature records this summer, with the heat and humidity lingering well into the start of fall. In our schools, children and teachers alike became ill from the blistering conditions. Kalaheo High School science teacher Micah Pregitzer recorded temperatures as high as 108 degrees inside his classroom last August, telling reporters, "You're dripping in sweat when you're just sitting there grading papers by yourself with no students in the room. You get the room packed with 36, 38, sometimes 40 students, and it just boosts that temperature up even higher."

A recent study conducted by University of California at Los Angeles researchers showed that the percentile gap between students learning in air conditioned and non-air-conditioned environments can reach as much as 17 percent on achievement tests, clearly evincing the impact of a comfortable classroom environment on student success. In a longitudinal analysis contained in "Effects of the Physical Environment on Student Learning," moreover, Glen I. Earthman of Virginia Polytechnic Institute and State University found that students between 4th and 9th grade at demographically similar schools showed increased gains in reading vocabulary, total math, problem solving, math procedures, pre-writing, and editing at schools with air conditioning, as compared with peers from non-cooled schools.



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Vice President

Amy Perruso
Secretary-Treasurer

Wilbert Holck
Executive Director

Earthman demonstrated that the longer and more consistently students are exposed to classroom cooling, the better and more stable their performance gains tend to be. Conversely, students exposed to thermal conditioning for only short or intermittent periods of time achieved less than their peers. These findings are supported by U.S. Department of Education sponsored research, which claims that proper cooling systems lead to better attitudes toward learning, fewer disciplinary problems, and sustained achievement.

We applaud Gov. David Ige's call to cool 1,000 classrooms within the next two years. While previous department of education estimates put the cost of comprehensive air conditioning at \$1.5 billion, that figure has been fallen as investments in experiments with renewable energy technology have proven fruitful. Furthermore, in conversations with photovoltaic companies, advocates for cool schools have learned that employing off-grid DC-powered air conditioners, operated entirely from photovoltaic modules that store energy in power-saving batteries, could cost between \$15,000 to \$30,000 per classroom, a savings of approximately 70 percent from earlier departmental projections (discounting a monthly lease per-classroom payment that could be offset by the department's ongoing and all-encompassing renewable energy savings).

School should be cool. To improve air conditioning facilities and, in turn, boost student learning, the Hawaii State Teachers Association asks your committee to **support** this bill.



46-063 Emepela Pl. #U101 Kaneohe, HI 96744 · (808) 679-7454 · Kris Coffield · Co-founder/Executive Director

**TESTIMONY FOR HOUSE BILL 2569, HOUSE DRAFT 2, RELATING TO
ENERGY**

**Senate Committee on Education
Hon. Michelle N. Kidani, Chair
Hon. Breene Harimoto, Vice Chair**

**Senate Committee on Transportation and Energy
Hon. Lorraine R. Inouye, Chair
Hon. Mike Gabbard, Vice Chair**

**Monday, March 21, 2016, 1:15 PM
State Capitol, Conference Room 229**

Honorable Chair Kidani, Chair Inouye, and committee members:

I am Kris Coffield, representing IMUAlliance, a nonpartisan political advocacy organization that boasts over 350 members. On behalf of our members, we offer this testimony **in strong support of, with proposed amendments for** House Bill 2569, HD2, relating to energy.

If school is cool, our classrooms should be, too. Yet, last year, classroom temperatures regularly exceeded 90 degrees, reaching as high as 108 degrees in one Kalaheo High School classroom. Studies show that the achievement gap between cooled and non-cooled classroom environments can reach 17 percent on standardized tests. While local schools' outdated electrical infrastructure often cannot support traditional air conditioning technology, experiments in renewable energy cooling systems have lowered departmental projections for comprehensive cooling. Using available energy efficient technology—including on-grid, off-grid, microgrid, and photovoltaic technology—could reduce the cost of classroom cooling to \$20,000, or a total of \$140 million for the 7,000 classrooms currently in need.

Therefore, we strongly support passage of this measure, which establishes a departmental goal of becoming net-zero with respect to energy use by January 1, 2035, advances microgrid pilot projects at public schools that also serve as emergency shelters, expedites the cooling of all public school classrooms, and

authorizes the issuance of general obligation bonds and the use of funds from the Green Infrastructure Loan Program to implement cooling measures in public school classrooms. That said, we note that Gov. Ige has called for implementation of immediate heat abatement in 2016, before the 2016-2017 schoolyear begins. We, thus, **urge your committee to fast-track legislation funding classroom cooling for this fiscal year in the amount of \$130 million by replacing the current contents of HB 2569 with those of SB 3126**, which finances heat abatement through \$100 million in general revenue (from unexpected federal Medicaid reimbursements) and \$30 million in general obligation bonds. Such an amendment would also resolve concerns that have arisen about the use of the Green Infrastructure Loan Program to pay for classroom cooling, a use that some have argued does not align with the original intent of the fund, namely subsidizing clean energy technology, demand response technology, and energy use reduction. Certain departmental heat abatement initiatives, like repainting, may fall outside the parameters of this program. Moreover, it is our broad view that the acceleration of renewable energy technology by consumers, for-profit, non-profit, and public sector entities should be one of our state's highest priorities, and that capital dedicated to such advancement should be sustained and amplified. Using Medicaid reimbursement funds would not deplete our state's "green capital," but would accomplish the goal of making our schools cool as quickly as possible.

Mahalo for the opportunity to testify **in support** of this bill.

Sincerely,
Kris Coffield
Executive Director
IMUAlliance



DAVID Y. IGE
GOVERNOR

TARA M. YOUNG
EXECUTIVE DIRECTOR

HAWAII GREEN INFRASTRUCTURE AUTHORITY

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone: (808) 587-3868

Statement of
TARA YOUNG
Executive Director
Hawaii Green Infrastructure Authority
before the
SENATE COMMITTEE ON EDUCATION
and
SENATE COMMITTEE ON TRANSPORTATION AND ENERGY

Monday, March 21, 2016
1:15 p.m.
State Capitol, Conference Room 229

in consideration of
HB 2569, HD2
RELATING TO ENERGY.

Chair Kidani, Chair Inouye, Vice Chair Harimoto, Vice Chair Gabbard, and Members of the Committees.

The Hawaii Green Infrastructure Authority (HGIA) supports HB 2569, HD2. Part I, Sections 1-4 of this measure require the Hawaii Department of Education (DOE) to: (1) establish a goal of becoming net-zero by January 1, 2035; (2) establish a minimum of one microgrid pilot project in each county at public schools that are civil defense shelters; and (3) expedite the cooling of all public school classrooms to a temperature acceptable for student learning and submit related report to the Legislature. Part II, Sections 5-10 is recommended by Governor Ige and provides for air conditioning, heat abatement and related energy efficiency measures at public schools using, in part, a loan from the Hawaii green infrastructure loan program.

HGIA was originally founded with a broad mandate to accelerate adoption of renewable energy technology by deploying capital to consumers, for-profit, non-profit and public sector entities. HGIA is confident that this initiative will advance progress of our Energy Efficiency Portfolio Standards and the goals of the Hawaii Clean Energy Initiative. The application of

Green Energy Market Securitization (GEMS) capital toward public sector energy efficiency improvements, as part of the overall program envisioned under HB 2569, HD2, is consistent with HGIA's mission and charter, and will complement its portfolio of consumer and commercial lending programs already in place. HGIA has already proposed a loan program for commercial energy efficiency improvements with many analogous elements to the program contemplated under HB 2569, HD2. On March 15, 2016, the Public Utilities Commission confirmed in Order No. 33592 (Conditionally Approving Program Notification No. 6) that the use of GEMS funds for capital improvement program equipment, installation costs for air conditioning, energy efficiency lighting, and other energy efficiency measures related to heat abatement at public schools is permissible, provided that the legislature and Governor enact legislation authorizing an appropriation out of the GEMS Special Fund to loan such moneys to the DOE and Department of Budget and Finance.

HGIA would also note that a secondary advantage of a market-driven program like GEMS is that funds are available for deployment, subject to appropriation. Given the urgency of the situation in our classrooms, we believe that rapid execution is critical. HGIA has the resources and capabilities to work with HIDOE to bring relief to Hawaii's classrooms as quickly as possible should the legislation be enacted.

In order to be consistent with the statutorily approved uses of the green infrastructure loan program, HGIA suggests that the language on page 7, line 11 add the additional text, "for the purposes allowed under Hawaii Revised Statutes 196-65(b)." Similarly, HGIA suggests the following language be added to page 8, line 1, "as permissible under Hawaii Revised Statutes 196-65(b)."

This proposed legislation is entirely aligned with HGIA's mission. HGIA will continue to work with the Department of Education on the implementation of the efficiency measures, and the Department of Budget and Finance on the use of general obligation bond funds. HGIA would like to work with stakeholders to ensure that improvements in energy efficiency at HIDOE as a result of these investments are measurable and accountable.

Thank you for the opportunity to offer testimony in support of HB 2569, HD2.