

Honolulu, Hawaii

MAR 24 2017

RE: H.B. No. 1593
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2017
State of Hawaii

Sir:

Your Committees on Transportation and Energy and Commerce, Consumer Protection, and Health, to which was referred H.B. No. 1593, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO GREEN INFRASTRUCTURE,"

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish and appropriate funds for the clean energy savings jump start program, clean energy savings jump start fund, and energy storage system rebate program; and
- (2) Reduce some oversight over the green infrastructure loan program by eliminating the Public Utilities Commission's approval authority to help expedite loan dispersals from the program.

Your Committees received testimony in support of this measure from the Department of Business, Economic Development, and Tourism; Hawaii Green Infrastructure Authority; Healthy Climate Communities; PV Tech; Hawaii Energy Connection; Your Energy, Inc.; Photonworks Engineering; Renewable Energy Action Coalition of Hawaii; Energy Research Systems; Green Charge; Hawaii Energy Consulting, LLC; Distributed Energy Research Council; Sun King



Hawaii; Advanced Microgrid Solutions; Stem, Inc.; Hawaii Solar Energy Association; Vivint Solar; Tesla Motors, Inc.; The Alliance for Solar Choice; We Are One, Inc.; Grand Solar Inc.; Solar Services Hawaii, LLP; Green Power Projects, LLC; and twenty-nine individuals. Your Committees received testimony in opposition to this measure from the Department of Commerce and Consumer Affairs, Ulupono Initiative, Hawaii Energy Policy Forum, and Sust-‘aina-ble Molokai. Your Committees received comments on this measure from the Department of Budget and Finance, State Procurement Office, Public Utilities Commission, Amber Kinetics, and one individual.

Your Committees find that the Hawaii green infrastructure loan program, established by the Legislature in 2013, has not been successful in assisting and supporting the widespread adoption of renewable energy systems in the State. The program has been particularly deficient in assisting low- to middle-income homeowners with the installation of solar photovoltaic equipment, even though that was a primarily intended benefit of the program. Moreover, the cost of the program's administration has far outpaced the small amount of funds actually deployed. Your Committees find that reducing some of the oversight of the program would encourage more rapid deployment of loans in furtherance of the program's intent. In addition, using dormant funds from the Hawaii green infrastructure loan program to create the clean energy savings jump start program will directly assist the State's low- to middle-income homeowners in line with the program's original intent.

However, your Committees acknowledge the testimony the Department of Commerce and Consumer Affairs and the Hawaii Energy Policy Forum regarding the potential high costs and other unintended consequences of the programs as established in this measure. Therefore, it is important to initially limit the funds available for these programs and to provide mechanisms for monitoring their effectiveness and future usefulness.

Your Committees also understand the concerns raised by the Hawaii Green Infrastructure Authority regarding energy storage systems eligible for rebates under the energy storage system rebate program. To ensure that rebates under the program facilitate investment in clean energy technology as intended, rebates for energy storage should only be provided when the



eligible energy storage receives energy from a solar photovoltaic system and is connected to a utility grid.

Your Committees also recognize the testimony suggesting an amendment requiring that energy storage systems store electricity within a chemical or mechanical battery, such as flywheel energy storage. Your Committees intend for the clean energy savings jump start program and the energy storage system rebate program to be inclusive of many different technologies. However, your Committees understand that flywheel energy storage may not be connected to a utility grid and may be ineligible under the programs. Your Committees urge the Hawaii Green Infrastructure Authority to monitor flywheel energy storage technology as it develops to determine the appropriateness of its inclusion.

Accordingly, your Committees have amended this measure by:

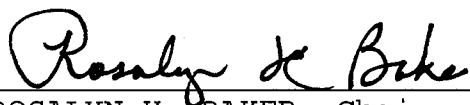
- (1) Amending the definition of "eligible energy storage system" to clarify that energy storage systems eligible for rebates under the energy storage system rebate program are those systems that receive energy from a solar photovoltaic system; store the energy in chemical or mechanical batteries, such as flywheel energy storage; and are connected to a utility grid;
- (2) Establishing the energy storage system rebate program as a three-year pilot program to operate from January 1, 2018, to December 31, 2020;
- (3) Requiring the Green Infrastructure Authority to submit an annual report to the legislature detailing the energy storage system rebate pilot program's progress and activities, including details of all rebates distributed in accordance with the pilot program, no later than twenty days prior to the convening of each regular session;
- (4) Deleting the repeal of the requirement that the Green Infrastructure Authority submit to the Public Utilities Commission an annual plan, which includes the Authority's projected operation budget for the succeeding fiscal year, for review and approval no later than ninety days prior to the start of each fiscal year;



- (5) Appropriating \$20,000,000 for the clean energy savings jump start program and \$10,000,000 for the energy storage system rebate program; and
- (6) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Transportation and Energy and Commerce, Consumer Protection, and Health that are attached to this report, your Committees are in accord with the intent and purpose of H.B. No. 1593, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1593, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Transportation
and Energy and Commerce,
Consumer Protection, and
Health,



ROSALYN H. BAKER, Chair

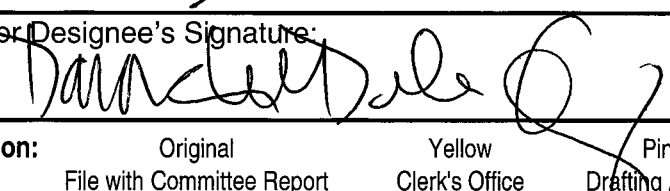


LORRAINE R. INOUYE, Chair



The Senate
Twenty-Ninth Legislature
State of Hawai'i

Record of Votes
Committee on Transportation and Energy
TRE

Bill / Resolution No.:* HB1593, HD1	Committee Referral: TRE/CPH, WAM	Date: 3/22/17		
<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
INOUYE, Lorraine R. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
ENGLISH, J. Kalani				/
HARIMOTO, Breene				/
SHIMABUKURO, Maile S.L.	/			
TOTAL	3			2
Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Chair's or Designee's Signature: 				
Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy				

*Only one measure per Record of Votes

