

Honolulu, Hawaii

APR 07 2017

RE: H.B. No. 1593
H.D. 1
S.D. 2

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

Sir:

Your Committee on Ways and Means, to which was referred H.B. No. 1593, H.D. 1, S.D. 1, entitled:

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

begs leave to report as follows:

The purpose and intent of this measure is to promote clean energy technology.

Specifically, this measure:

- (1) Establishes the Clean Energy Savings Jump Start Program and the Clean Energy Savings Jump Start Fund for the expenditure of moneys on rebate and other programs that rapidly advance state goals of clean energy and energy efficiency, with a focus on serving low- and middle-income residents;
- (2) Establishes the Energy Storage System Rebate Program as a three-year pilot program to incentivize the installation of energy storage systems that are installed concurrently with solar photovoltaic systems and are connected to a utility grid;
- (3) Repeals the requirement that the Hawaii Green Infrastructure Authority must obtain the prior approval



of the Public Utilities Commission, in the form of a program order, to use funds in the Green Infrastructure Special Fund;

- (4) Appropriates funds from the Hawaii Green Infrastructure Special Fund or other eligible funds to be deposited into the Clean Energy Savings Jump Start Fund for the purposes of the Clean Energy Savings Jump Start Program; and
- (5) Appropriates funds from the Clean Energy Savings Jump Start Program Fund for the Energy Storage System Rebate Program.

Your Committee received written comments in support of this measure from the Hawaii Green Infrastructure Authority; Distributed Energy Resources Council of Hawaii; Hawaii Energy Connection, LLC; Sun King Inc.; Go Electric; Stem, Inc.; Green Charge; Advanced Microgrid Solutions; R & R Solar Supply; Hawaii Solar Energy Association; Tesla, Inc.; Geli; Alternate Energy, Inc.; Amber Kinetics; Inter-Island Solar Supply; American Electric, LLC; The Alliance for Solar Choice; Vivint Solar; Environmental Caucus; and eight individuals.

Your Committee received written comments in opposition to this measure from the Department of Commerce and Consumer Affairs, Division of Consumer Advocacy; and Hawaii Energy Policy Forum.

Your Committee received written comments on this measure from the Department of Budget and Finance; Department of Taxation; State Procurement Office; Public Utilities Commission; Tax Foundation of Hawaii; REACH; Arion Energy; and Ulupono Initiative.

Your Committee finds that the Hawaii Green Infrastructure Loan Program has failed to achieve its intended purposes of enabling low- to middle-income homeowners, renters, churches, and nonprofit organizations to obtain financing to install clean energy technology. Your Committee also finds that this measure is needed to stimulate a more rapid deployment of loans to assist residents and disadvantaged communities to invest in clean energy and energy efficiency.



Your Committee has amended this measure by:

- (1) Making the procuring of services to assist in administering the Clean Energy Savings Jump Start Program subject to, rather than exempt from, the state procurement code;
- (2) Disqualifying energy storage systems (or portions thereof) from the Energy Storage System Rebate Program within the Clean Energy Savings Jump Start Program if the renewable energy technologies income tax credit is claimed for those energy storage systems (or portions thereof);
- (3) Specifying the cents-per-watt-hour rebate rates under the Energy Storage System Rebate Program;
- (4) Requiring the energy storage system owner who claims a rebate to visibly and actually pass on the savings from the rebate program to the energy system user if the energy storage system owner provides third-party financing to the energy system user;
- (5) Specifying the applicable cap amounts of the rebate for each eligible energy system storage system with regard to single-family residential property, commercial property, and utility-scale energy storage systems;
- (6) Changing from December 31, 2017, to July 31, 2017, the date that determines whether the Energy Storage System Rebate Program is applicable to an eligible energy storage system installed and first placed in service;
- (7) Amending the proposed new definition of "eligible energy storage system" by removing the requirement that the facility, equipment, or apparatus receive electricity generated from a solar photovoltaic system;
- (8) Adding a new section to the measure that amends section 269-166, Hawaii Revised Statutes, to require the Hawaii Green Infrastructure Authority to allocate and transfer repayments of green infrastructure loans in a designated order of priority, if the Public Utilities Commission



has authorized the application of the green infrastructure fee towards the reduction of the public benefits fee;

- (9) Specifying that part III, chapter 39, Hawaii Revised Statutes, relating to revenue bonds, will be the prevailing law in case of a conflict between this measure and part III, chapter 39, Hawaii Revised Statutes;
- (10) Providing that a specific program order and a specific financing order of the Public Utilities Commission will remain in effect until superseded or modified by a subsequent act of the Legislature or a decision and order of the Commission;
- (11) Changing the appropriation amount from the Hawaii Green Infrastructure Special Fund to be deposited into the Clean Energy Savings Jump Start Fund to an unspecified amount; and
- (12) Changing the appropriation amount from the Clean Energy Savings Jump Start Fund for the Energy Storage System Rebate Program to an unspecified amount.

Your Committee notes its concern that the beneficiaries of this measure are likely to be higher income earners who are able to afford the expense of an energy storage system as well as the necessary accompanying energy generation system. Your Committee, however, further notes that the Green Energy Market Securitization Program is financially supported by all ratepayers, even the lowest income earners.

Your Committee also notes that the amendment to section 269-166, Hawaii Revised Statutes, is intended to maintain in statute public benefit fee replenishment provisions that are essentially identical to those established by the Green Energy Market Securitization Program Order (Decision and Order No. 32318, September 30, 2014).

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 H.B.



No. 1593, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1593, H.D. 1, S.D. 2.

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

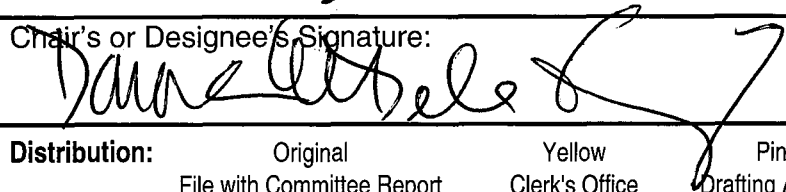


JILL N. TOKUDA, Chair



The Senate
 Twenty-Ninth Legislature
 State of Hawai'i

Record of Votes
Committee on Ways and Means
WAM

Bill / Resolution No.:*	Committee Referral:	Date:		
HB 1593, HDL, SD1	TRE/CPH, WAM	4/5/17		
<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
TOKUDA, Jill N. (C)	/			
DELA CRUZ, Donovan M. (VC)	/			
ENGLISH, J. Kalani	/			
GALUTERIA, Brickwood	/			
HARIMOTO, Breene	/			
INOUYE, Lorraine R.	/			
KAHELE, Kaiali'i	/			
RIVIERE, Gil	/			
SHIMABUKURO, Maile S.L.	/			
TANIGUCHI, Brian T.	/			
WAKAI, Glenn				/
TOTAL	10			1
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