



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
Senate Committee on Transportation and Energy and  
Senate Committee on Higher Education  
March 16, 2018 at 1:15 p.m.

By  
Jan Gouveia  
Vice President for Administration  
and  
Kalbert K. Young  
Vice President for Budget and Finance/CFO  
University of Hawai'i System

### HB 1830 HD2 – RELATING TO ENERGY AT THE UNIVERSITY OF HAWAII

Chairs Inouye and Kahele, Vice Chairs Espero and Kim, and members of the committees:

Thank you for the opportunity to submit testimony on HB 1830 HD2. The University of Hawai'i ("University") supports this measure with comments. This measure allows funds appropriated by the Legislature to be deposited into the University of Hawai'i Green Special Fund ("GSF") and clarifies the authority to expend funds and the scope of the projects that can be funded. This bill will facilitate a sustainable means of financing energy efficient and other sustainability projects at the University that will ultimately improve energy performance, reduce operating costs, and modernize our facilities.

Green Revolving Funds (GRFs) are a best practice used by many leading colleges and universities dedicated to addressing sustainable facilities, operations, and behaviors. These funds are typically managed by the university to fund energy efficiency, renewable energy, sustainability, and energy conservation projects which reduce energy use, and repay the GRFs within a specified time period through operational cost savings realized by the energy efficiency, renewable energy, sustainability, and energy conservation projects.

In 2017, the Legislature passed Act 186, Session Laws of Hawai'i 2017, which added to chapter 304A, HRS, a new section later codified as section 304A-2181, that created the University of Hawai'i Green Special Fund to collect and expend moneys generated by energy savings from energy efficiency, renewable energy, and sustainability projects on additional energy efficiency, renewable energy, and sustainability projects. This mechanism helps move the University closer to achieving its net-zero energy mandate (Act 99, Session Laws of Hawai'i 2015).

For reasons set forth below, the University respectfully requests, however, to replace the requirement in this measure to notify the legislature of all expenditures out of the fund with a requirement to report annually on all expenditures out of the fund.

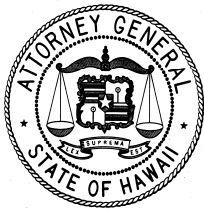
In 2017, the University executed a project that would typically run through the GSF to replace 4 minus-80° ultra-low temperature research freezers that were at the end of its useful life with new high-efficiency energy-star compliant freezers, for a total cost of \$54,919. The expected return on

investment is 9.44 in simple payback years, and an overall estimated savings of \$96,398 over 15 years. Under the GSF program, all savings will be deposited into the fund for reinvestment in other energy-savings projects. This type of project does not require legislative notification and a mandate will only add a barrier to timely completing the project. For larger projects funded through a CIP appropriation from the Legislature, such projects would already have received legislative approval through the budget process and thus the Legislature would have already been notified. Currently, there are no general appropriations made into the fund and based on the practicalities around providing advanced notice, we would only be able to obtain approval once a year. This takes away from our ability to timely execute these projects. As such, the University believes this requirement is unnecessary. In lieu of this notification requirement, the University would be willing to provide an annual report on all expenditures out of the fund.

With these amendments, this measure enables the University to more efficiently administer and manage the University of Hawai'i Green Special Fund by:

- (1) Expressly permitting the deposit of legislatively appropriated funds into the University of Hawai'i Green Special Fund.
- (2) Expressly authorizing the University's chief financial officer to collect moneys for and expend and transfer moneys from the University of Hawai'i Green Special Fund.
- (3) Clarifying that the scope of the projects eligible for funding from the University of Hawai'i Green Special Fund includes energy efficiency, energy conservation, renewable energy, and sustainability projects.

Thank you for the opportunity to testify in support of HB 1830 HD2.



**TESTIMONY OF  
THE DEPARTMENT OF THE ATTORNEY GENERAL  
TWENTY-NINTH LEGISLATURE, 2018**

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**ON THE FOLLOWING MEASURE:**

H.B. NO. 1830, H.D. 2, RELATING TO ENERGY AT THE UNIVERSITY OF HAWAII.

**BEFORE THE:**

SENATE COMMITTEES ON TRANSPORTATION AND ENERGY AND ON HIGHER EDUCATION

**DATE:** Friday, March 16, 2018

**TIME:** 1:15 p.m.

**LOCATION:** State Capitol, Room 225

**TESTIFIER(S):** Russell A. Suzuki, Acting Attorney General, or  
Diane Erickson, Deputy Attorney General (808) 586-0618

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Chairs Inouye and Kahele and Members of the Committees:

The Department of the Attorney General has a concern about the constitutionality of this bill as presently drafted. On page 2, lines 16-17, of the bill, the underscored wording states: "All expenditures from this fund shall be subject to legislative notification."

Article VII, section 5, of the Constitution of the State of Hawaii, provides in part: "No public money shall be expended except pursuant to appropriations made by law." While there are different sources for the moneys in Hawaii Green Special Fund, all of them, when deposited into the special fund, become subject to appropriation.

As presently written, this bill, by authorizing mere notification to the Legislature of an expenditure out of the special fund, could be read to violate the requirement of article VII, section 5, requiring appropriation of public moneys "made by law." If the Legislature's intent is to be notified of the projects on which the moneys appropriated out of the special fund are appropriated, the wording at page 2, lines 16-17, could be modified to: "All expenditures from **appropriations out of** this fund shall be subject to legislative notification."

Thank you for the opportunity to express our concern about this bill.



Email: [communications@ulupono.com](mailto:communications@ulupono.com)

SENATE COMMITTEES ON TRANSPORTATION & ENERGY AND HIGHER EDUCATION  
Friday, March 16, 2018 — 1:15 p.m. — Room 225

**Ulupono Initiative Supports HB 1830 HD 2, Relating to Energy at the University of Hawaii**

Dear Chair Inouye, Vice Chair Espero, Chair Kahele, Vice Chair Kim, and Members of the Committees:

My name is Murray Clay and I am Managing Partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally produced food; increase affordable, clean, renewable energy; and better management of waste and fresh water. Ulupono believes that self-sufficiency is essential to our future prosperity and will help shape a future where economic progress and mission-focused impact can work hand in hand.

**Ulupono supports HB 1830 HD 2**, which allows for legislative funding for the University of Hawai'i Green Special Fund to fund energy conservation measures, because it aligns with our goal of increasing the production of clean, renewable energy in Hawai'i.

The University of Hawai'i is one of the largest consumers of electricity for the utility and therefore could be one of the most impactful and effective organizations in utilizing energy efficiency projects. Increased energy efficiency funding will help to reduce the long-term costs of operating and maintaining University infrastructure. If the University of Hawai'i is able to implement increased energy efficiency measures, this will further help meet our state's goal of 100 percent renewable energy, of which 30 percent is energy efficiency.

Energy efficiency is one of the most cost effective methods to reduce imported fossil fuels. Furthermore, energy efficiency investments typically pay for themselves in a relative short time period.

The majority of the operating cost of the University is paid for through taxpayer and student tuition costs. A reduction in these building costs will help save taxpayer funds and make college more affordable, which helps to develop the next set of energy leaders in Hawai'i.

*Investing in a Sustainable Hawai'i*



This bill would allow legislative funding support for the fund, thereby increasing the amount of energy saving impact it could accomplish at the University of Hawai'i.

As Hawai'i's energy issues become more complex and challenging, we appreciate these committees' efforts to look at policies that support renewable energy production.

Thank you for this opportunity to testify.

Respectfully,

Murray Clay  
Managing Partner



# Hawai'i Energy

YOUR CONSERVATION & EFFICIENCY PROGRAM

1132 Bishop Street, Suite 1800 • Honolulu, Hawai'i 96813 • HawaiiEnergy.com • P: (808) 839-8880 • F: (808) 441-6068

Before the Senate Committee on Higher Education  
Friday, March 16, 2018, 1:15pm, Conference Room 225  
HB 1830 HD2: Relating to Energy at the University of Hawai'i

Chair Kahele, Vice-Chair Kim, and members of the committee-

Thank you for the opportunity to submit testimony on HB 1830 HD2. The Hawai'i Energy program would like to testify in strong **support** for HB 1830 HD2. Hawai'i Energy commends the efforts of the legislature and the University of Hawai'i to establish the green special fund to drive energy efficiency and achieve the Energy Efficiency Portfolio Standard adopted into statute. Energy efficiency is the most cost-effective energy resource available in the State, costing a fraction of electricity that is generated, either through renewables or fossil fuels.

Hawai'i Energy works to empower island families and businesses on behalf of the Hawai'i Public Utilities Commission (PUC) to make smart energy choices to reduce energy consumption, save money, and pursue a 100% clean energy future. Hawai'i Energy has worked closely with the University of Hawai'i to develop and further its Strategic Energy Management initiative over the years and the green special fund plays an important role in this overall strategy.

The University of Hawai'i system is a significant energy consumer of the State institutions. Allowing for appropriations made by the legislature increases options to the University to fund projects that will drive savings and be re-invested into the green special fund. It is in the best interest to allow more flexibility of the green special fund to enable further gains in efficiency and reduce costs burdened by University students and the State. Hawai'i Energy perceives the Strategic Energy Management initiative at the University of Hawai'i as a potential model for other governmental agencies as well.

Once again, we would like to stress the importance of the green special fund and the role it will continue to play in achieving energy efficiency for the University and the State of Hawai'i.

Thank you for the opportunity to testify on HB 1830 HD2.

Brian Kealoha  
Executive Director  
Hawai'i Energy



**SENATE COMMITTEE ON TRANSPORTATION AND ENERGY  
SENATE COMMITTEE ON HIGHER EDUCATION**

March 16, 2018, 1:15 P.M.

Room 225

(Testimony is 1 page long)

**TESTIMONY IN SUPPORT OF HB 1830 HD2**

Aloha Chairs Inouye and Kahele, Vice Chairs Espero and Kim, and members of the Committees:

Blue Planet Foundation **supports** House Bill 1830 HD2, which allows for the appropriation of legislative funds for the University of Hawaii Green Special Fund to support energy efficiency, energy conservation, and renewable energy projects.

As a local, mission-driven nonprofit that is committed to clearing the path for 100% clean energy, Blue Planet Foundation recognizes the power and possibility of energy efficiency. Energy efficiency is the cheapest, quickest, and cleanest way to accelerate Hawaii's transition to 100% renewable energy. This measure would unlock new options for funding energy efficiency and renewable energy for the University of Hawaii, aligning the University with state's clean energy goals.

As one of the largest electricity consumers in the state, the University of Hawaii must play an integral part in leading by example to help us reduce our reliance on imported fossil fuels.

We respectfully request that the Committee forward HB 1830 HD2 amended to take effect upon approval.

Thank you for the opportunity to testify.

**HB-1830-HD-2**

Submitted on: 3/15/2018 1:58:31 PM

Testimony for TRE on 3/16/2018 1:15:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:

Good afternoon. My name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") on Legislative Priorities Committee. Thank you for the opportunity to provide written testimony on **HB1830 HD2**, relating to University of Hawaii; Green Special Fund; Expenditures; and Notice.

The OCC Legislative Priorities Committee is in favor of **HB1830 HD2** and supports its passage.

The Democratic Party of Hawaii Environmental Caucus favors measures that support renewable sustainable energy projects; therefore, appropriations made by the Legislature to the University of Hawaii green special fund to support energy efficiency, renewable energy, and sustainability projects and services including personnel, equipment costs, project costs, and other expenses, as well as planning, design, and implementation of energy efficiency, energy conservation, renewable energy, and sustainability projects for the benefit of the University of Hawaii are highly favored as such projects reduce dependency on fossil fuels which pose to increase the carbon footprint and an increased risk of greenhouse emissions contributing to climate change.

The OCC Legislative Priorities Committee encourages energy efficiency, renewable energy, and sustainability projects benefitting the University of Hawaii, and thus, favors appropriations made by the Legislature to the University of Hawaii Green Special Fund.

Given that HB1830 HD2 allows for the deposit of funds appropriated by the Legislature into the University of Hawaii Green Special Fund (Fund), and requires notice to the Legislature of any expenditure from the Fund, it is the position of the OCC Legislative Priorities Committee to support this measure.

Thank you very much for your kind consideration.

Sincerely yours,  
/s/ Melodie Aduja  
Melodie Aduja



Chair, OCC Legislative Priorities Committee  
Email: [legislativepriorities@gmail.com](mailto:legislativepriorities@gmail.com), Text/Tel.: (808) 258-8889



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MĀLAMA I KA HONUA. *Cherish the Earth.*

**SENATE COMMITTEE ON TRANSPORTATION & ENERGY**

**SENATE COMMITTEE ON HIGHER EDUCATION**

Friday, March 16, 2018 1:15PM Conference Room 225

**In SUPPORT of HB 1830 HD2** Energy at the University of Hawai'i

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Aloha Chairs Inouye and Kahele, Vice Chairs Espero and Kim, and members of the Committees,

On behalf of our 20,000 members and supporters, the Sierra Club of Hawai'i, a member of the Common Good Coalition, **supports HB 1830 HD2**, which seeks to broaden the University of Hawai'i's (UH) options for the deposit and movement of funds from the Green Specials Funds to initiatives that support the use of renewable energy and increases in energy efficiency and conservation across campus. It also allows the University to transfer other funds into the Green Special Fund for the purpose of renewable energy and energy efficiency and conservation across campus.

We support this measure to increase the capacity of UH to engage in renewable energy projects and initiatives that increase energy efficiency and conservation across campus. Hawai'i Revised Statutes section 269-92 mandates a 100% renewable energy portfolio standard by year's end 2045. This means that the State must transition away from imported fuels and intend toward renewable sources, preferably local, to provide a source of secure, local energy. As UH is the second largest energy user in Hawai'i behind the military, any efforts to move their energy use toward a more clean and renewable profile, moves the State in general toward our goal of 100% renewable by 2045.

Thank you very much for this opportunity to provide testimony in support of HB 1830 HD2.