



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
March 29, 2018 at 10:50 a.m.

By
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HB 1830 HD2 SD1 – RELATING TO ENERGY AT THE UNIVERSITY OF HAWAII

Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the committee:

Thank you for the opportunity to submit testimony on HB 1830 HD2 SD1. 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 SD1.



Hawai'i Energy

YOUR CONSERVATION & EFFICIENCY PROGRAM

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Before the Senate Committee on Ways and Means
Thursday, March 29, 2018, 10:50 am, Conference Room 211
HB 1830 HD2 SD1: Relating to Energy at the University of Hawai'i

Chair Dela Cruz, Vice-Chair Keith-Agaran, and members of the committee-

Thank you for the opportunity to submit testimony on HB 1830 HD2 SD1. The Hawai'i Energy program would like to testify in strong **support** for HB 1830 HD2 SD1. 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 SD1.

Brian Kealoha
Executive Director
Hawai'i Energy



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SENATE COMMITTEE ON WAYS & MEANS
Thursday, March 29, 2018 — 10:50 a.m. — Room 211

Ulupono Initiative Supports HB 1830 HD 2 SD 1, Relating to Energy at the University of Hawaii

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee:

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 SD 1, 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.

This bill would allow legislative funding support for the fund, thereby increasing the

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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 this committee's efforts to look at policies that support renewable energy production.

Thank you for this opportunity to testify.

Respectfully,

Murray Clay
Managing Partner