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**TO THE HOUSE COMMITTEE ON
ENERGY AND ENVIRONMENTAL PROTECTION**

**TWENTY-NINTH LEGISLATURE
Regular Session of 2018**

**Tuesday, February 6, 2018
8:30 A.M.**

**TESTIMONY OF DEAN NISHINA, EXECUTIVE DIRECTOR, DIVISION OF
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER
AFFAIRS, TO THE HONORABLE CHRIS LEE, CHAIR,
AND MEMBERS OF THE COMMITTEE**

HOUSE BILL NO. 2029 – RELATING TO ENERGY EFFICIENCY.

DESCRIPTION:

This measure creates a \$50,000,000 revolving line of credit sub-fund under the umbrella of the green energy market securitization loan fund for any state agency or department to finance energy efficiency measures.

POSITION:

The Division of Consumer Advocacy (“Consumer Advocate”) offers comments on this bill.

COMMENTS:

The Consumer Advocate observes that the proposed Hawaii Revised Statutes (“HRS”) section 196-65(b)(2), creating a \$50 million sub-fund to specifically fund energy efficiency measures for any state agency or department, will not directly benefit hard-to-reach customers or decrease the cost of electric utility service for all. However,

the Consumer Advocate acknowledges savings to the state general fund, via lower electricity costs, could reach many of the same utility customers in the form of lower taxes.

The Consumer Advocate also observes that this bill does not include any language that ensures that funded energy efficiency measures are cost-effective. The Consumer Advocate believes that including clear guidance that any proposed use of the green infrastructure loan program must be cost-effective will require adequate evaluation to ensure that sufficient savings in electricity costs will allow using general revenue savings resulting from those cost-effective energy efficiency measures to repay the loan plus the stated cost of interest. Including a provision requiring cost-effective energy efficiency measures would facilitate: 1) the “health” of the proposed sub-fund as well as whole green infrastructure fund; 2) mitigating potential adverse impacts to electricity consumers that may be asked to replenish the green infrastructure funds if adequate repayment from past loans are not received; and 3) mitigating the possibility that general funds might need to be encumbered to repay the loans. Language requiring cost-effective energy efficiency measures could be inserted in HRS section 196-65(b)(2) and read as: “Creating a \$50,000,000 sub-fund, as a revolving line of credit under the umbrella of the green energy market securitization loan fund, for any state agency or department to obtain low-cost financing to install cost-effective energy efficiency measures.”

Thank you for this opportunity to testify.



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

Date: 02/06/2018
Time: 08:30 AM
Location: 325
Committee: House Energy & Environmental
Protection

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill: HB 2029 RELATING TO ENERGY EFFICIENCY.

Purpose of Bill: Creates a \$50,000,000 revolving line of credit sub-fund under the umbrella of the green energy market securitization loan fund for any state agency or department to finance energy efficiency measures.

Department's Position:

The Hawaii State Department of Education (DOE) supports HB 2029. The DOE will use the \$46.4M HGIA GEM Loan for LED and AC Energy Efficiency replacements. However, the DOE requires an additional \$60M in financing to replace old and inefficient AC units with a median age greater than seventeen (17) years. HB 2029 provides the DOE with financing means by which to complete these much needed AC Energy Efficiency replacements.

The Hawaii State Department of Education seeks to advance the goals of the Strategic Plan which is focused on student success, staff success, and successful systems of support. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information is available at www.hawaiipublicschools.org.



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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LUIS P. SALAVERIA
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MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development and Tourism
before the
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Tuesday, February 6, 2018
8:30 AM
State Capitol, Conference Room 325

in consideration of
HB2029
RELATING TO ENERGY EFFICIENCY.

Chair Lee, Vice Chair Lowen and Members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) strongly supports HB 2029, with the objective of creating a sub-fund under the umbrella of the Green Energy Market Securitization (GEMS) Loan Fund and converting \$50,000,000 of the [GEMS] fund into a revolving line of credit providing any state agency or department access to low-cost financing to install energy efficiency measures on an on-going basis.

This bill will provide all state agencies the opportunity to deploy energy efficiency that both decreases utility bill expenses for the state and assists with meeting the state's energy efficiency goals.

Thank you for the opportunity to offer these comments in support of HB2029.



DAVID Y. IGE
GOVERNOR

GWEN S. YAMAMOTO LAU
EXECUTIVE DIRECTOR

HAWAII GREEN INFRASTRUCTURE AUTHORITY

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Testimony of Gwen Yamamoto Lau
Executive Director
Hawaii Green Infrastructure Authority
before the
HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION
Tuesday, February 6, 2018
8:30 A.M.
State Capitol, Conference Room 325

in consideration of
HOUSE BILL NO. 2029
RELATING TO ENERGY EFFICIENCY

Chair Lee, Vice Chair Lowen and Members of the Energy and Environmental Protection Committee:

Thank you for the opportunity to testify on House Bill 2029, relating to energy efficiency. This bill proposes to create a sub-fund under the umbrella of the Green Energy Market Securitization (“GEMS”) loan fund and convert \$50.0 million into a revolving line of credit available for any state agency or department to obtain low-cost financing to install energy efficiency measures. The Hawaii Green Infrastructure Authority **strongly supports** this bill.

Using the expected benefits of the GEMS loan provided to the Department of Education (“DOE”) as a benchmark, the long-term impact of this financing mechanism is meaningful and measurable. Additionally, while, according to the *State of Hawaii Energy Efficiency Potential Study: Project 1448*, the DOE was the second largest consumer of electricity in the State, there are a number of other state agencies and departments that would benefit from a similar financing arrangement.

Reducing energy consumption and energy costs in state buildings would significantly and positively contribute to the achievement of Hawaii’s energy efficiency portfolio standard (“EEPS”) goals, while reducing and controlling costs for Hawaii’s taxpayers.

Thank you for this opportunity to testify and offer support for HB 2029.

HB-2029

Submitted on: 2/5/2018 8:20:01 AM

Testimony for EEP on 2/6/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities	Support	No

Comments:



Email: communications@ulupono.com

HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Tuesday, February 6, 2018 — 8:30 a.m. — Room 325

Ulupono Initiative Supports HB 2029, Relating to Energy Efficiency

Dear Chair Lee, Vice Chair Lowen, 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 2029, which creates a revolving line of credit sub-fund for state government agencies under the green energy market securitization (GEMS) loan fund, because it aligns with our goal of increasing the production of clean, renewable energy in Hawai'i.

Ulupono believes this bill will help deploy GEMS funds faster as now state departments will be able to qualify for financing its internal energy efficiency projects. This could further provide additional flexibility for GEMS, one of the key issues that the GEMS program has encountered in its brief existence.

Ulupono is also supportive of this bill and will remain so as long as the GEMS funds are deployed as originally intended – with a payback structure – to help continuously replenish the fund and adhere to standard business practices.

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

Investing in a Sustainable Hawai'i

Managing Partner

HB-2029

Submitted on: 2/4/2018 8:06:24 AM

Testimony for EEP on 2/6/2018 8:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Joan Gannon	West Hawaii CHC	Support	No

Comments:

I support HB2029