



HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION  
The Honorable Chris Lee, Chair  
The Honorable Nicole E. Lowen, Vice Chair

**H.C.R. NO. 123, REQUESTING A STUDY OF POTENTIAL PROJECTS  
THAT WOULD REDUCE ENERGY COSTS FOR ALL STATE  
DEPARTMENTS AND AGENCIES**

Hearing: Tuesday, March 20, 2018, 9:00 a.m.

The Office of the Auditor **has no position** regarding H.C.R. No. 123, which requests our office to “examine potential energy savings costs for state departments and agencies and submit a report of its findings and recommendations to the Legislature no later than twenty days prior to the convening of the Regular Session of 2019.” **However, we have concerns about our ability to do the requested “audit.”**

Specifically, the resolution requests that we “examine potential energy savings costs for state departments and agencies...” We understand our requested work to be akin to an “energy audit” or “energy efficiency audit.” We do not have the substantive and technical knowledge relating to energy consumption, energy efficiency, or energy-related technologies needed to examine “potential energy savings costs for state departments and agencies.”

We typically perform performance, or management audits, which evaluate the operations of agencies or programs. If the intent of this resolution is to request a performance and/or financial audit of specific energy efficiency programs and/or contracts, we suggest that the resolution be amended to specifically reflect this.

Setting aside the technical challenges noted above, we also note that the audit requested by this resolution is extremely broad, requiring us to assess “potential energy savings costs” for every state department and agency. Considering our on-going audits and the work likely to be requested through bills or resolutions from the current legislative session, we will likely be required to substantially narrow the scope of this audit, which may not provide the level or areas of review that may be helpful to the legislature. We strongly recommend that the legislature identify the specific departments, agencies and/or programs that it is interested in having us assess and amend the resolution to identify those departments, agencies and/or programs.

Thank you for considering our testimony regarding H.C.R. No. 123.

DAVID Y. IGE  
GOVERNOR



SARAH ALLEN  
ADMINISTRATOR  
MARA SMITH  
ASSISTANT ADMINISTRATOR

**STATE OF HAWAII  
STATE PROCUREMENT OFFICE**

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TESTIMONY  
OF  
SARAH ALLEN, ADMINISTRATOR  
STATE PROCUREMENT OFFICE

TO THE HOUSE COMMITTEE  
ON  
ENERGY & ENVIRONMENTAL PROTECTION  
March 20, 2018, 9:00 a.m.

HOUSE CONCURRENT RESOLUTION 123

REQUESTING A STUDY OF POTENTIAL PROJECTS THAT WOULD REDUCE ENERGY  
COSTS FOR ALL STATE DEPARTMENT AND AGENCIES

Chair Lee, Vice-Chair Lowen, and members of the committee, thank you for the opportunity to submit testimony on HCR123. The State Procurement Office's (SPO) is in support of the intent of this bill however, we offer the following comments:

Page 2, lines 31 to 34 states:

“BE IT FURTHER RESOLVED that the State Procurement Office is requested to update and publish the Energy Savings Performance contracting list that includes a list of all pre-qualified ESCOS no later than July 1, 2018.”

It is not possible to accomplish this task in the time allotted as it is not a simple publishing of a list but a complex procurement requiring a requesting agency with subject matter expertise to submit specifications and an evaluation team. Therefore, SPO recommends the date by which the list be published change from July 1, 2018 to July 1, 2019.

In December 2009, the State Procurement Office (SPO) on behalf of the Department of Accounting and General Services, published the first Vendor List Contract No. 09-01 for Energy Savings Performance Contracting (ESPC). It took seven (7) months from the invitation for competitive sealed proposals to review proposals and qualify six (6) Contractors to provide services for a period of performance for up to four (4) years.

In April 2012, the SPO published a new vendor list contract for Energy Saving Performance Contracting (ESCO) No. 12-11 to replace VL Contract No. 09-01. It took five (5) months from the

invitation for competitive sealed proposals to review and qualify six (6) Contractors for a period of performance for up to four (4) years. This VL contract expired on March 31, 2017.

The SPO supports the initiative for contracting for energy performance savings services with the time necessary to conduct a competitive procurement.

Thank you.

DAVID Y. IGE  
GOVERNOR



RODERICK K. BECKER  
Comptroller

AUDREY HIDANO  
Deputy Comptroller

**STATE OF HAWAII**  
**DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES**  
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

**LATE**

TESTIMONY OF  
RODERICK K. BECKER, COMPTROLLER  
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES  
TO THE  
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION  
ON  
TUESDAY, March 20, 2018  
9:00 A.M.  
CONFERENCE ROOM 325

H.C.R. 123

REQUESTING A STUDY OF POTENTIAL PROJECTS THAT WOULD REDUCE ENERGY COSTS FOR ALL STATE DEPARTMENTS AND AGENCIES.

Chair Lee, Vice Chair Lowen, and members of the Committee, thank you for the opportunity to submit testimony on H.C.R. 123.

The Department of Accounting and General Services (DAGS) appreciates the benefits of projects that would reduce energy costs for all state departments and agencies, and we offer the following comments:

- DAGS does maintain repair & alterations backlog lists for all DAGS-managed facilities and other State agencies' facilities that are serviced by DAGS. These lists include potential energy savings projects that we can separate out for each agency.
- For those facilities of other State departments that are not serviced by DAGS, neither our Public Works Division nor our Central Services Division have the resources to conduct detailed surveys to identify specific building-by-building

energy saving projects. Instead, there may be other departments/agencies more suitable to take the lead in identifying potential types of projects, survey all the agencies, and compile the responses for reporting.

- DAGS is the lead for the Energy Savings Performance Contracting list which the State Procurement Office solicits on our behalf. DAGS is in the process of updating the specifications to issue a new solicitation, and we anticipate that the earliest we can issue the solicitation, review, and qualify Energy Service Company to issue a new list is by July 1, 2019.

Thank you for the opportunity to submit testimony on this matter.

**HCR-123**

Submitted on: 3/19/2018 8:45:50 AM

Testimony for EEP on 3/20/2018 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melodie Aduja	OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:

**HCR-123**

Submitted on: 3/18/2018 7:33:50 AM

Testimony for EEP on 3/20/2018 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Henry Curtis	Life of the Land	Support	No

Comments:



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Honolulu, HI 96819

March 20, 2018

Representative Chris Lee  
Chair, House Committee on Energy & Environmental Protection  
Representative Nicole E. Lowen  
Vice Chair, House Committee on Energy & Environmental Protection

Conference Room 325  
Hawaii State Capitol  
415 South Beretania Street  
Honolulu, Hawaii 96813

Re: In support of HCR 123; Requesting a study of potential projects that would reduce energy costs for all state departments and agencies.

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

I am Bill Z. Foster, Vice President at NORESCO, an energy services company. Since 1994, NORESCO has implemented 20 infrastructure and energy improvement projects across the State of Hawaii. Our local team has witnessed the success and benefit of energy services performance contracts to the State of Hawaii and I am happy to testify in support of HCR 123.

With 2018 marking the 10<sup>th</sup> anniversary of the Hawaii Clean Energy Initiative, we are reminded that our path towards a sustainable and resilient energy future requires all stakeholders to do their part, including one of Hawaii's largest energy users: Government. Energy efficiency performance contracts are one key way for State departments and agencies to reduce energy usage; resolve deferred maintenance and capital projects; and continue being a key driver towards Hawaii's goal of 100 percent renewable energy by 2045.

As technology and innovation push forward, a review of past energy efficiency projects and new opportunities for is timely.

Thank you for this opportunity to testify in support of HCR 123.



**LATE**

**HCR-123**

Submitted on: 3/19/2018 3:30:48 PM

Testimony for EEP on 3/20/2018 9:00:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Erica Scott	Individual	Support	No

Comments: