



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
Senate Committees on Higher Education  
and  
Transportation and Energy  
February 7, 2018 at 9:30 a.m.

By  
Jan Gouveia  
Vice President for Administration  
and  
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University of Hawai'i System

### SB 2832 – RELATING TO ENERGY AT THE UNIVERSITY OF HAWAII

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

Thank you for the opportunity to submit testimony on SB 2832. The University of Hawai'i ("University") supports this measure which 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 remove the requirement in this measure to have all expenditures out of the fund approved by the legislative.

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 into more qualifying projects that will yield additional cost savings. The university anticipates that some projects may be funded by sources other than legislative appropriations. For larger projects that are funded through a CIP appropriation from the Legislature, such projects would already have received the required legislative approval through the budget process. As such, the University believes the statement on page 2, lines 17-18 is unnecessary.

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

- (1) Expressly permit the deposit of legislatively appropriated funds into the University of Hawai'i Green Special Fund.
- (2) Expressly authorize 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) Clarify that the scope of the projects eligible for funding from the University of Hawaii Green Special Fund includes energy efficiency, energy conservation, renewable energy, and sustainability projects.

Thank you for the opportunity to testify in support of SB 2832.



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SENATE COMMITTEES ON HIGHER EDUCATION AND TRANSPORTATION & ENERGY  
Wednesday, February 7, 2018 — 9:30 a.m. — Room 225

**Ulupono Initiative Supports SB 2832, Relating to Energy at the University of Hawaii**

Dear Chair Kahele, Vice Chair Kim, Chair Inouye, Vice Chair Espero, 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 SB 2832**, 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 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

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Before the Senate Committees on Higher Education and Transportation and Energy  
Wednesday, February 7, 2018, 2:10 PM, Conference Room 309  
SB 2832: Relating to Energy at the University of Hawai'i

Chairs Kahele and Inouye, Vice-Chairs Kim and Espero, and members of the committee-

Thank you for the opportunity to submit testimony on HB SB2832. The Hawai'i Energy program would like to testify in strong **support** for SB2832. 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 SB2832.

Brian Kealoha  
Executive Director  
Hawai'i Energy

**SB-2832**

Submitted on: 2/5/2018 8:42:36 PM

Testimony for HRE on 2/7/2018 9:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melodie Aduja	OCC Legislative Priorities	Support	No

Comments:

**PRESENTATION OF THE  
OAHU COUNTY COMMITTEE ON LEGISLATIVE PRIORITIES  
DEMOCRATIC PARTY OF HAWAII  
TO THE COMMITTEE ON HIGHER EDUCATION  
AND  
COMMITTEE ON TRANSPORTATION AND ENERGY  
THE SENATE  
TWENTY-NINTH LEGISLATURE  
REGULAR SESSION OF 2018  
Wednesday, February 7, 2018  
9:30 a.m.**

Hawaii State Capitol, Conference Room 225

RE: **Testimony in Support** of SB 2832, RELATING TO ENERGY AT  
THE UNIVERSITY OF HAWAII

To the Honorable Kaiali'i Kahele, Chair; the Honorable Donna Mercado Kim, Vice-Chair and Members of the Committee on Higher Education:

To the Honorable Lorraine R. Inouye, Chair; the Honorable Will Espero, Vice-Chair, and Members of the Committee on Transportation and Energy:

Good morning. My name is Melodie Aduja. I serve as Chair of the Oahu County Committee ("OCC") Legislative Priorities Committee of the Democratic Party of Hawaii. Thank you for the opportunity to provide written testimony on Senate Bill No. 2832, regarding the University of Hawaii Green Special Fund.

The OCC Legislative Priorities Committee is in favor of Senate Bill No. 2832 and support its passage.

Senate Bill No. 2832 is in accord with the Platform of the Democratic Party of Hawai'i ("DPH"), 2016, as it provides that moneys in the University of Hawaii green special fund shall be used 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.

Specifically, the DPH Platform provides that we "believe that the preservation and restoration of the natural environment are essential. We support a sustainable society that utilizes the Earth in such as way that future generations will benefit from the practices of our generation. We support the restoration, preservation, and protection of our native ecosystems on each island. We believe in integrated approaches, practices, and support public policies that create and maintain a sustainable way of life in Hawai'i.

We believe in supporting best management practices in sustaining our environment and in increased citizen involvement. We support programs that encourage sustainable clean, efficient, creative and environmentally friendly modes of transportation, recycling, and waste reduction.

The conservation, preservation, and restoration of Hawai'i's natural resources are connected to the health and welfare of our people; therefore, we support the conservation and protection of our natural environment, which includes reducing our carbon footprint for the benefit of current and future generations." (Platform of the DPH, P. 8, Lines 407-420 (2016)).

We support energy independence, self-sufficiency, affordability and reliability for Hawai'i through the development of renewable alternative energy sources. Specifically, we need to support policies that foster the development of energy production methods that de-emphasize carbon-based fuels and promote renewable sources such as wind, solar, wave, geothermal and Ocean Thermal Energy Conversion (OTEC). (Platform of the DPH, P. 9, Lines 452-456 (2016)).

Given that Senate Bill No. 2832 provides for the University of Hawaii Green Special 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

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