

STAND. COM. REP. NO.

1863

Honolulu, Hawaii

APR 04 2019

RE: H.B. No. 556
H.D. 1
S.D. 2

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2019
State of Hawaii

Sir:

Your Committee on Commerce, Consumer Protection, and Health,
to which was referred H.B. No. 556, H.D. 1, S.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO ENERGY EFFICIENCY,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish minimum appliance efficiency standards for certain products sold or installed in the State; and
- (2) Require the Public Benefits Fee Administrator to educate and train appliance manufacturers, distributors, and retailers about the appliance efficiency standards.

Your Committee received testimony in support of this measure from the Department of Commerce and Consumer Affairs; Department of Business, Economic Development, and Tourism; Public Utilities Commission; City and County of Honolulu Office of Climate Change, Sustainability, and Resiliency; County of Kaua'i Office of Economic Development; City and County of Honolulu Board of Water Supply; O'ahu County Democrats Committee on Legislative Priorities; Young Democrats of Hawaii; Americans for Democratic Action Hawai'i; Hawai'i Energy; 350Hawaii; California Energy Commission; Consumer Federation of America; Environment America; Blue Planet Foundation; Sierra Club of Hawai'i; Natural Resources Defense



Council; Elemental Excelerator; Ulupono Initiative; and twenty individuals. Your Committee received testimony in opposition to this measure from Retail Merchants of Hawaii, Information Technology Industry Council, and Plumbing Manufacturers International. Your Committee received comments on this measure from the Consumer Technology Association.

According to testimony received by your Committee, Hawaii residents pay double or triple what residents of other states pay for their energy, and the potential savings from appliance efficiency standards are substantial. State-level standards for minimum energy and water efficiency can collectively save Hawaii consumers and businesses more than \$38 million annually in utility bills by 2025, with annual savings expected to grow to over \$75 million by 2035, adding dollars to consumers' pockets and benefiting the economy.

Additionally, recommended appliance efficiency standards would annually prevent sixty-one thousand metric tons of carbon pollution, the equivalent of taking over thirteen thousand cars off the road. Furthermore, a recent study found that one-third of Hawaii's clean energy goals could be reached through adoption of new appliance standards and implementation of updated building codes. Your Committee further finds that appliances meeting the efficiency standards are readily available from multiple manufacturers. Other states with larger markets, like California, have already accomplished significant work in setting the appropriate standards and shifting manufacturers' behaviors and compliance. Adopting appliance efficiency standards in the State will promote the acceleration of Hawaii's clean energy goals, benefit consumers by reducing energy costs, and help to reduce greenhouse gas emissions.

Your Committee further notes that this measure incorporates certain sections of the California Code of Regulations by reference, which could make Hawaii law subject to change via an administrative process in California without meaningful public notice to residents in Hawaii. Therefore, amendments are necessary to address these concerns.

Accordingly, your Committee has amended this measure by:



- (1) Deleting language that would have defined specific terms;
- (2) Clarifying that the Department of Business, Economic Development, and Tourism shall adopt rules on minimum appliance efficiency standards that are substantially equivalent to the existing appliance efficiency standards established in California, and outlining factors to be used in the Department's determination when setting minimum efficiency standards, rather than requiring the Director of Business, Economic Development, and Tourism to adopt standards based on California regulations incorporated into the Hawaii Revised Statutes by reference;
- (3) Clarifying that the Department of Business, Economic Development, and Tourism may adopt by rule a more recent version of an efficiency standard to maintain or improve consistency with the California appliance efficiency standards; provided that:
 - (A) The resulting efficiency is equal to or greater than the efficiency achieved using the prior standard; and
 - (B) There is a one-year delay between the adoption of a rule and the enforcement of any new efficiency standard;
- (4) Clarifying the scope of the appliance efficiency rules to be adopted by the Department of Business, Economic Development, and Tourism;
- (5) Removing language that would have established specific appliance energy standards for certain products, provided protection against repeal of federal regulations, and established testing, certification, and labeling requirements for products to determine compliance;
- (6) Clarifying the dates upon which products and appliances that are sold, leased, rented, or installed in the State



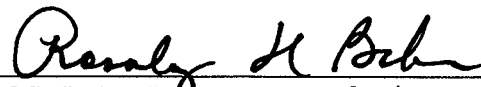
must meet or exceed the efficiency standards established by this measure;

- (7) Removing language that would have required the Public Benefits Fee Administrator to educate and train appliance manufacturers, distributors, and retailers of appliances covered under the efficiency standards established by this measure;
- (8) Updating the purpose section;
- (9) Inserting an effective date of July 1, 2019; and
- (10) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

Your Committee notes that this amended measure grants the Department of Business, Economic Development, and Tourism the authority to update the Department's administrative rules as necessary to keep pace with California standards, without the need to approach the Legislature every time an appliance efficiency standard changes, while still providing meaningful notice to the public regarding any changes.

As affirmed by the record of votes of the members of your Committee on Commerce, Consumer Protection, and Health that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 556, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 556, H.D. 1, S.D. 2.

Respectfully submitted on
behalf of the members of the
Committee on Commerce, Consumer
Protection, and Health,



ROSALYN H. BAKER, Chair



