



DAVID Y. IGE
GOVERNOR

MIKE MCCARTNEY
DIRECTOR

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of
MIKE MCCARTNEY
Director

Department of Business, Economic Development, and Tourism
before the

SENATE COMMITTEE ON WAYS AND MEANS

Friday, April 5, 2019
10:15 AM

State Capitol, Conference Room 211

In consideration of
HB 401, HD1, SD1
RELATING TO CONTRACTING FOR PUBLIC FACILITIES.

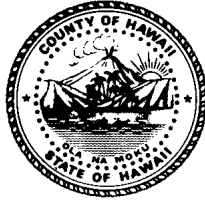
Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) **supports the intent of** HB401, HD1, SD1 which amends the definition of “energy performance contract” to include vehicles and allows agencies to enter into performance contracts to undertake or implement energy conservation or alternate energy measures for vehicles.

DBEDT believes this measure would result in added value and serve as an energy savings tool for agencies to consider when facilitating the transition of State fleet vehicles to electric vehicles.

Thank you for the opportunity to testify.

Harry Kim
Mayor



Diane L. Ley
Director

Ron Whitmore
Deputy Director

County of Hawai'i

DEPARTMENT OF RESEARCH AND DEVELOPMENT

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April 5, 2019

Honorable Senator Donovan Dela Cruz & Committee Members
Committee on Ways and Means
Hawai'i State Senate
Honolulu, Hawai'i

RE: HB 401 HD1, SD1 Relating to Contracting for Public Facilities

Dear Chair Dela Cruz and Committee Members,

Mahalo for the opportunity to submit testimony in **strong support** of HB401 HD1, SD1 relating to Contracting for Public Facilities.

In its current form, HRS 36-41 has assisted government agencies over the years to reduce carbon emissions, lower energy costs, and benefit taxpayers across the state. The County of Hawaii has initiated several programs to reduce its carbon emissions in the transportation sector. By expanding HRS 36-41 to include fuel and charging facilities, vehicles and vehicle fleets, the County would be able to extend the benefits of this successful program to innovations in the transportation sector that result in more efficiencies and lower emissions and costs. The transportation GHG emission for Hawaii County is over 50%, (Oahu ~37%), primarily due to the distances required to transport goods, workforce, fuel, tourism related logistics, and other essential services.

Mahalo for the opportunity to testify in support of this bill.

Sincerely,

A handwritten signature in cursive script that reads "Diane Ley".

Diane Ley
Director



COLLEGE of SOCIAL SCIENCES

HAWAII ENERGY POLICY FORUM

UNIVERSITY of HAWAII at MĀNOA

Hawaii Energy Policy Forum

Megan Blazak, The Kohala Center
David Bissell, Kauai Island Utility Cooperative
Jade Butay, Hawaii Dept of Transportation
Carl Campagna, Hawaii Bioeconomy Trade Org
Caroline Carl, Hawaii Energy
Albert Chee, Island Energy Services
Murray Clay, Ulupono Initiative
Jacqueline Conant, Ofc of US Representative Ed Case
Richard DeGarmo, Hawaii Gas
Amy Ejercito, IBEW, Local Union 1260
Mitch Ewan, UH Hawaii Natural Energy Institute
Jay Fidell, ThinkTech Hawaii
Carl Freedman, Haiku Design & Analysis
Matthias Fripp, UH Renewable Energy Island Sust
Ford Fuchigami, Ofc of Hawaii State Governor
Will Giese, Hawaii Solar Energy Assn
Dale Hahn, Ofc of US Senator Brian Schatz
Michael Hamnett, UH Social Sciences Research Inst
Sen Lorraine Inouye, Hawaii State Legislature
Russ Koehler, Marine Corps. Base Hawaii
Rep Nicole Lowen, Hawaii State Legislature
Aki Marceau, Elemental Exceleator
Melissa Miyashiro, Blue Planet Foundation
Rocky Mould, C&CH Ofc of Climate Change, Sust & Res
Dean Nishina, Hawaii Division of Consumer Advocacy
Denise Salmeron, US Dept of Agriculture
Stan Osserman, Hawaii Ctr for Adv Transp Techn
Melissa Pavlicek, Hawaii Public Policy Advocates
Rick Rocheleau, UH Hawaii Natural Energy Institute
Ross Roley, US Pacific Command
David Rolf, Hawaii Automobile Dealers Assn
Peter Rosegg, Hawaiian Electric Companies
Riley Saito, Hawaii County
Scott Seu, Hawaiian Electric Companies
Carilyn Shon, Hawaii State Energy Office, DBEDT
Joelle Simonpietri, Simonpietri Enterprises LLC
Ben Sullivan, Kauai County
Lance Tanaka, Par Hawaii
Maria Tome, Hawaii Public Utilities Commission
Kirsten Turner, Ofc of US Representative Tulsi Gabbard
Sen Glenn Wakai, Hawaii State Legislature
Richard Wallsgrove, William S. Richardson Sch of Law
Sherilyn Wee, UH Public Policy Center
Alan Yamamoto, Ofc of US Senator Mazie Hirono

Testimony of Maria Tome
Chair, Transportation Working Group
Hawaii Energy Policy Forum

to the Hawaii State Senate Committee on
Ways and Means

Friday, April 5, 2019, 10:15 AM
State Capitol, Conference Room 211

In **SUPPORT** of HB 401, HD 1, SD1
Relating to Contracting for Public Facilities

Aloha Chair Dela Cruz, Co-chair Keith-Agaran, and members of the Committee.

I am Maria Tome, Chair of the Transportation Working Group of the Hawaii Energy Policy Forum (Forum). The mission of the Forum is to enable informed decisions to advance Hawaii's clean energy future by convening a collaborative network of stakeholders for fact finding, analysis, information sharing, and advocacy. Comprised of roughly 40 stakeholders from government, industry, community, and academe, we are collectively working to achieve a pono energy system that sustains a healthy, prosperous, and resilient Hawaii in the face of climate change.

House Bill 401, HD1, SD1, would allow vehicles to be included in energy performance contracts of government agencies. These contracts allow equipment to be paid for up-front by private-sector service providers, who then share in the energy savings. The change proposed by the bill does not require the participating government agencies do anything differently, but it would allow them to include vehicles if it made sense, with no up-front cost to the agencies.

The Forum supports this bill for the following reasons:

As vehicles and buildings both become more energy-efficient and interconnected, there could be benefits from allowing the energy service providers to include vehicles in the project plans. Electric and hydrogen vehicles could assist with the absorption of excess solar energy in the middle of the day, providing load management services for buildings and benefits to the electrical grid. However, in order for this to happen, it must first be allowed. This bill would do that, at no cost to the public.

Thank you for the opportunity to testify.

This testimony reflects the position of HEPF as a whole and not necessarily of the individual Forum members or their companies.



Email: communications@ulupono.com

SENATE COMMITTEE ON WAYS & MEANS
Friday, April 5, 2019 — 10:15 a.m. — Room 211

Ulupono Initiative Strongly Supports HB 401 HD 1 SD 1, Relating to Contracting for Public Facilities

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 manage waste and fresh water resources. 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 strongly supports HB 401 HD 1 SD 1, which allows agencies to enter energy-performance contracts for vehicles, which will allow for the increased use of more efficient, cleaner forms of ground transportation in county fleets, ultimately reducing Hawai'i's dependence on imported fossil fuels.

In the past, implementing renewable energy and energy efficiency programs for buildings have lowered long-term costs for government buildings. Yet, these measures often require an upfront investment that pays for itself over time. Similarly, electric and more fuel-efficient vehicles can provide long-term savings even when accounting for a potential initial higher purchase price. Vehicles that use less gasoline also helps to reduce imported fossil fuels and carbon emissions that contribute to climate change. Allowing counties to access such options can help them meet clean transportation goals more effectively.

As Hawai'i's energy issues become increasingly complex and challenging, we appreciate this committee's efforts to look at policies that support clean ground transportation. Thank you for this opportunity to testify.

Respectfully,

Murray Clay
Managing Partner

Investing in a Sustainable Hawai'i



To: The Senate Committee on Ways and Means
From: Brodie Lockard, Hawaii State Climate Lead, Organizing for Action
Date: Friday, April 5, 2019, 10:15 am

In strong support of HB401 HD1 SD1

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and Committee Members—

Organizing for Action strongly supports HB401 HD1 SD1.

Energy savings performance contracts (ESPCs) allow agencies to procure energy savings and facility improvements with no up-front capital costs or special appropriations. An ESPC is a partnership between an agency and a qualified energy service company (ESCO) [1], like Johnson Control or Honeywell.

They sound obtuse, but an ESPC is a terrific way to save energy—and money—with no up-front costs.

The contracts include monitoring and verification of energy savings as they have to write you a check if the savings aren't there. It prevents them from using cheap junk that fails. They leverage tax exempt bond financing for government projects, but these are stand alone and don't affect government bond ratings. Costs under state law can be spread out over 20 years, if necessary to accommodate things like vehicles with longer paybacks. The savings are immediate to the owner, however.

Ideally, you want to package short payback items like LED lighting to enhance the performance contract.

An ESPC harvests money that you didn't have until you did the project. Insanely great idea. It pays for itself and creates a positive cash flow. And, the savings are guaranteed.

Honolulu has used ESPCs and has some great success stories, like Synagro at the Sand Island Wastewater Plant, Hawaii Gas at the Honouliuli Treatment Plant, Noresco at the Kailua Treatment Plant, Honolulu Hale, and the Municipal Building.

Please pass HB401 HD1 SD1 and allow the State more ways to save energy and money.

Brodie Lockard
Hawaii State Climate Lead, Organizing for Action

[1] <https://www.energy.gov/eere/femp/energy-savings-performance-contracts-federal-agencies>

HB-401-SD-1

Submitted on: 4/3/2019 4:48:40 PM

Testimony for WAM on 4/5/2019 10:15:00 AM

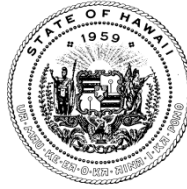
Submitted By	Organization	Testifier Position	Present at Hearing
Amanda Ellis	Individual	Support	No

Comments:

I am writing in support of HB401 to establish a new subsection for vehicles, fleet, fueling and charging infrastructure. It will be critical to engage in public private partnerships to help Hawai'i meet its commitments to renewable energy and carbon mitigation given the costs involved. Sea level is rising, extreme weather events are multiplying - with costs of over \$208 billion in the US alone in 2017.

Thank you all for ensuring legislative frameworks enable the practical changes we need to enact immediately to help Hawaii demonstrate leadership in saving our planet!

DAVID Y. IGE
GOVERNOR



LATE

TESTIMONY BY:

JADE T. BUTAY
DIRECTOR

Deputy Directors
LYNN A.S. ARAKI-REGAN
DEREK J. CHOW
ROSS M. HIGASHI
EDWIN H. SNIFFEN

STATE OF HAWAII
DEPARTMENT OF TRANSPORTATION
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

April 5, 2019
10:15 a.m.
State Capitol, Room 211

H.B. 401, H.D. 1, S.D. 1
RELATING TO CONTRACTING FOR PUBLIC FACILITIES.

Senate Committee on Ways and Means

The Department of Transportation **supports** the intent of this bill to allow agencies to enter performance contracts to undertake or implement energy conservation or alternate energy measures for vehicles/vehicle fleets.

The DOT appreciates energy performance contracts which are budget-neutral strategies in making improvements that reduce energy and increase operational efficiency.

The DOT envisions this bill as a projected savings tool to replace its motor fleet with zero emission vehicles that reduces carbon and promotes sustainable transportation options.

Thank you for the opportunity to provide testimony.



SENATE COMMITTEE ON WAYS AND MEANS

April 5, 2019, 10:15 A.M.

Room 211

(Testimony is 1 page long)



TESTIMONY IN SUPPORT OF HB 401 HD1 SD1

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

Blue Planet Foundation **supports** HB 401 HD1 SD1, which would allow government agencies to use energy performance contracts for investments in fleet vehicles. Energy performance contracts have already demonstrated success for energy efficiency retrofits at public facilities, collectively saving Hawaii’s taxpayers hundreds of millions of dollars over the lifetime of these projects.

Energy performance contracts are a proven tool to help government agencies finance capital improvements that have upfront costs but yield energy savings that pay back the investment over time. In other words, they are a budget-neutral approach to implementing energy efficiency projects using guaranteed energy savings to pay for the projects. By partnering with an energy service company, a government agency can use an energy performance contract to pay for today’s facility upgrades with tomorrow’s energy savings.

It makes sense to expand the application of this proven tool to help government agencies transition their aging vehicle fleets to zero emission vehicles. In turn, government agencies can lower fuel costs over the lifetime of the vehicles—saving taxpayers money—while also reducing our reliance on imported fossil fuels.

Electric vehicles are similar to building efficiency investments in that the costs are up front, but the savings are realized over time. House Bill 401 is a smart policy that can accelerate progress towards Hawaii’s ambitious clean energy and climate goals, such as the goal to be net carbon neutral by 2045 (Act 15 of 2018) and striving to achieve the objectives of the Paris Climate Agreement (Act 32 of 2017).

We respectfully request that the Committee forward HB 401.

Thank you for the opportunity to testify.

LATE



ELEMENTAL
EXCELERATOR

**Written Statement of Elemental Excelerator
before the Senate Committee on Ways and Means
Friday, April 5, 2019**

**In consideration of HB 401 HD 1 SD 1
RELATING TO CONTRACTING FOR PUBLIC FACILITIES**

Aloha Chair Dela Cruz, Vice-Chair Agaran, and Members of the Senate Committee on Ways and Means:

Elemental Excelerator respectfully **submits support for HB 401 HD 1 SD 1**, which:

1. Allows agencies to enter performance contracts to undertake or implement energy conservation or alternate energy measures for vehicles and vehicle fleets.
2. Amends definition of energy performance contract to include vehicles, vehicle fueling or charging infrastructure, and vehicle fleet. Defines vehicle and vehicle fleet.

Elemental Excelerator is a Honolulu-based growth accelerator program founded and operating in Hawai'i. We have awarded over \$30 million to 82 companies resulting in 56 demonstration projects in Hawai'i & Asia Pacific. Each year, we evaluate over 500 companies and look for innovative entrepreneurs from around the world to come to Hawai'i and find transformative solutions to help us achieve our 100% clean energy goals and solve our most pressing environmental problems. We select 15-20 companies annually that best fit our mission and fund each company up to \$1 million.

In April 2018, Elemental Excelerator commissioned a study entitled *Transcending Oil: Hawai'i's Path to a Clean Energy Economy*. The study found that in Hawai'i, transitioning to renewable energy is cheaper than sticking with oil. The faster we go, the cheaper it will be. As a policy recommendation, the study identified, "*proactively engaging all stakeholders in the development of a comprehensive energy plan for the state [that] will give public and private sector actors needed certainty for investment decisions.*"¹

Fifteen percent of Elemental Excelerator portfolio companies focus on mobility, with companies such as Proterra, eMotorWerks, and ChargeTrip which specifically support solutions that advance the electrification of transportation. Bills such as HB 401 HD 1 SD 1 supports expanding access to clean transportation and signals to the broader mobility innovation sector Hawai'i's commitment to growing its economy through innovation.

We support HB 401 HD SD 1 because it provides a cost-effective path to help our state reach its clean energy goals and each county's clean ground transportation goals by 2045. According to data by the U.S. Energy Information Administration, 55% of Hawai'i's greenhouse

¹ Hawaii State Energy Office 2018 Energy Facts & Figures https://energy.hawaii.gov/wp-content/uploads/2018/06/HSEO_2018_EnergyFactsFigures.pdf. Retrieved March 25, 2019.

gas emissions in 2016 came from transportation.² By allowing agencies to enter performance contracts for vehicles and vehicle fleets, they can remove the upfront cost burden for energy conservation or alternate energy measures in transportation, while still reaping the long-term benefits of reduced energy costs and carbon emissions for Hawai'i taxpayers.

Mahalo for the opportunity to testify on this measure.

Sincerely,



Aki Marceau
Managing Director, Policy and Community Hawai'i

² [2] U.S. Energy Information Administration, Energy-Related Carbon Dioxide Emissions by State, 2005-2016, <https://www.eia.gov/environment/emissions/state/analysis/pdf/stateanalysis.pdf>

LATE

HB-401-SD-1

Submitted on: 4/4/2019 8:40:31 PM

Testimony for WAM on 4/5/2019 10:15:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
James McCay	Individual	Support	No

Comments:

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

Firstly thank you so much for hearing this important bill for Hawaii's future. Thanks must be given also to the wise and passionate avocades for its crafting and getting this moving (pun intended!). I am in **HUGE SUPPORT**.

In full disclosure I work in the Energy Services markets but do so as I concluded that this is the best way to save public money and put it towards something more useful than burning oil (for electricity - or when HB401 passes, fuel!!!). Done correctly, the private sector can, and MUST, serve the public good and help to reduce energy expenses in all ways possible. Hawai'i has made good progress on renewable electricity at the utility level but we need to make large and rapid improvements on clean transportation. This insightful and timely bill will be transformational. It will not only change our public fleets to clean transport options as fast as we can, it will do it at no capital cost to the public. Also a company like ours not only seeks to save public funds, but also hire local business partners to implement and maintain our energy solutions. This measure can improve the bottom lines of everyone and everything related to this measure. I look forward to this passing and commend you for supporting the opportunities ahead!

Many thanks & Malama Pono,

James

[James McCay](#) CEM, LEED AP

Energy Solutions Partner
Hawai'i Region Account Manager

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2:44 video [who is Ameresco?](#)