

STAND. COM. REP. NO.

3663

Honolulu, Hawaii

JUN 24 2020

RE: H.B. No. 2498
H.D. 1
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Thirtieth State Legislature
Regular Session of 2020
State of Hawaii

Sir:

Your Committees on Energy, Economic Development, and Tourism and Government Operations, to which was referred H.B. No. 2498, H.D. 1, entitled:

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

beg leave to report as follows:

The purpose and intent of this measure is to:

- (1) Amend the amount of budget appropriations for energy expenditures that agencies performing energy efficiency or renewable energy system retrofitting are entitled to receive; and
- (2) Repeal the required setting aside of a portion of monies saved through the retrofitting.

Your Committees received testimony in support of this measure from the Pono Hawai'i Initiative. Your Committees received testimony in opposition to this measure from the Hawaii State Energy Office and Blue Planet Foundation. Your Committees received comments on this measure from the Department of Budget and Finance, Department of Education, and Ulupono Initiative.

Your Committees find that energy performance contracting offers significant opportunities for agencies to improve their



facilities and operations. Energy performance contracting is a method of paying for facility improvements using energy and operational savings through a contracting vehicle that provides an opportunity to install more energy efficient equipment, address deferred maintenance, use renewable energy technologies, and reduce operational costs. Your Committees further find that existing law requires an agency performing energy efficiency or renewable energy system retrofitting to receive budget appropriations for energy expenditures that are at the agency's pre-retrofitting energy budget and that rise in proportion to any increase in the agency's overall budget for the duration of the performance contract or project payment term.

Your Committees believe that greater oversight over funds used for energy efficiency and renewable energy system retrofitting is needed to ensure that taxpayer monies are used appropriately. However, your Committees also believe that in order for the State to be more energy efficient, there should exist an incentive for agencies to become more energy efficient.

Accordingly, your Committees have amended this measure by:

- (1) Deleting language that would have authorized the Legislature to determine the amount of budget appropriations an agency performing energy efficiency or renewable energy system retrofitting may receive, including the proviso that an agency account for any costs for contracts or debt service for the implementation and management of the retrofitting; and
- (2) Specifying that an agency that performs energy efficiency or renewable energy system retrofitting may continue to receive budget appropriations for energy expenditures at an amount that equals any debt service or contract cost of the energy efficiency or renewable energy system retrofitting for the term of the contract, plus fifty percent of any additional cost savings for a term not to exceed an unspecified amount of years after the retrofit.

As affirmed by the records of votes of the members of your Committees on Energy, Economic Development, and Tourism and Government Operations that are attached to this report, your

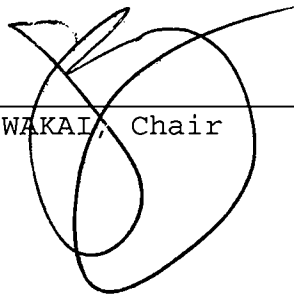


Committees are in accord with the intent and purpose of H.B. No. 2498, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2498, H.D. 1, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on behalf of the members of the Committees on Energy, Economic Development, and Tourism and Government Operations,



Laura H. Thielen, Chair



Glenn Wakai, Chair



The Senate
Thirtieth Legislature
State of Hawai'i


Record of Votes
Committee on Energy, Economic Development, and Tourism
EET

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|--|---------------------|-----------|-----|---------|
| Bill / Resolution No.:* | Committee Referral: | Date: | | |
| HB 2498 HD 1 | EET/GVO, WAM | 6/22/2020 | | |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____ | | | | |
| The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313 | | | | |
| Members | Aye | Aye (WR) | Nay | Excused |
| WAKAI, Glenn (C) | ✓ | | | |
| TANIGUCHI, Brian T. (VC) | ✓ | | | |
| INOUE, Lorraine R. | | | | ✓ |
| KEOHOKALOLE, Jarrett | | | | ✓ |
| FEVELLA, Kurt | ✓ | | | |
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| TOTAL | 3 | 0 | 0 | 2 |
| Recommendation: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted | | | | |
| Chair's or Designee's Signature: | | | | |
| Distribution: Original Yellow Pink Goldenrod File with Committee Report Clerk's Office Drafting Agency Committee File Copy | | | | |

*Only one measure per Record of Votes

The Senate
Thirtieth Legislature
State of Hawai'i

Record of Votes
Committee on Government Operations
GVO

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|--|--|---------------------------|-----|----------|
| Bill / Resolution No.:* HB2498 HD1 | Committee Referral: EET/GVO, WAM | Date: 3/10/2020 | | |
| <input type="checkbox"/> The Committee is reconsidering its previous decision on this measure. If so, then the previous decision was to: _____ | | | | |
| The Recommendation is: <input type="checkbox"/> Pass, unamended 2312 <input checked="" type="checkbox"/> Pass, with amendments 2311 <input type="checkbox"/> Hold 2310 <input type="checkbox"/> Recommit 2313 | | | | |
| Members | Aye | Aye (WR) | Nay | Excused |
| THIELEN, Laura H. (C) | ✓ | | | |
| INOUYE, Lorraine R. (VC) | ✓ | | | |
| BAKER, Rosalyn H. | | | | ✓ |
| KANUHA, Dru Mamo | ✓ | | | |
| FEVELLA, Kurt | | | | ✓ |
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