



# HAWAII STATE ENERGY OFFICE

## STATE OF HAWAII

235 South Beretania Street, 5<sup>TH</sup> Floor, Honolulu, HI 96813 | energy.hawaii.gov

DAVID Y. IGE  
GOVERNOR

SCOTT J. GLENN  
CHIEF ENERGY OFFICER

(808) 587-3807

### Testimony of **SCOTT J. GLENN, Chief Energy Officer**

before the  
**SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM**  
Monday, March 9, 2020  
2:45 PM  
State Capitol, Conference Room 414

### In SUPPORT of **HB 1850, HD1** **RELATING TO THE ENERGY SECURITY SPECIAL FUND.**

Chair Wakai, Vice Chair Taniguchi, and Members of the Committee, the Hawaii State Energy Office (HSEO) supports HB 1850, HD1, which allows the Chief Energy Officer to contract with Hawaii not-for-profit entities to support the commercialization of technologies that will further Hawaii's clean energy and sustainability goals and benefit Hawaii's economy. HB 1850, HD1, also increases the allocation from the Environmental Response, Energy, and Food Security Tax (Barrel Tax) for deposit to the Energy Security Special Fund (ESSF).

Assigning this responsibility to the HSEO is consistent with the passage of Act 122, 2019, which reformed the HSEO. The HSEO's mission, as now codified in Section 196-71(a), HRS, is "to promote energy efficiency, renewable energy, and clean transportation to help achieve a resilient clean energy economy." This measure would advance the HSEO's responsibilities to: (4) Engage the private sector to help lead efforts to achieve renewable energy and clean transportation goals through the Hawaii clean energy initiative (Section 196-71(b), HRS).

More specifically, this measure would be consistent and in furtherance of the Chief Energy Officer's duties to:

- (1) Formulate, analyze, recommend, and implement specific policies, strategies, and plans, in coordination with public and private sector stakeholders, to cost-effectively and equitably achieve the State's energy goals;
- (5) Identify market gaps and innovation opportunities, collaborate with stakeholders, and facilitate public-private partnerships to develop projects, programs, and tools to encourage private and public exploration, research, and development of energy resources, distributed energy resources, and data analytics that will support the State's energy and decarbonization goals;

- (7) Evaluate, recommend, and participate in the development of incentives and programs that encourage the development of energy efficiency, renewable energy, energy resiliency, distributed energy resources, and clean transportation resources;
- (12) Act as the State's energy data clearinghouse by identifying, collecting, compiling, analyzing, publishing, and where possible, monetizing energy and clean transportation data and analyses;
- (14) Support economic development and innovation initiatives related to and resulting from the State's renewable energy and distributed energy resources experience, capabilities, and data analyses; [and]
- (18) Contract for services when required for the implementation of this part.

(Section 196-72(d), HRS).

The HSEO agrees that public-private partnerships could be effective in stimulating the development and commercialization of technologies needed to facilitate the State's progress toward its clean energy and sustainability goals. This type of support is important for innovative technology companies to be successful. The HSEO also acknowledges that an increase in the allocation of the Barrel Tax to the ESSF would allow funding for such public-private partnerships at a level that would be impactful to Hawaii's economy. We support this bill provided that its passage does not replace or adversely impact priorities in our Executive Budget.

Thank you for the opportunity to testify.

DAVID Y. IGE  
GOVERNOR



CRAIG K. HIRAI  
DIRECTOR  
  
ROBERT YU  
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**  
TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON ENERGY, ECONOMIC DEVELOPMENT, AND  
TOURISM  
ON  
HOUSE BILL NO. 1850, H.D. 1

**March 9, 2020**  
**2:45 p.m.**  
**Room 414**

RELATING TO THE ENERGY SECURITY SPECIAL FUND

The Department of Budget and Finance (B&F) offers comments on House Bill (H.B.) No. 1850, H.D. 1.

H.B. No. 1850, H.D. 1, increases the allocation of the Environmental Response, Energy, and Food Security Tax (Barrel Tax) to the Energy Security Special Fund (ESSF) from 5 cents per barrel to 15 cents per barrel; and allows the Chief Energy Officer to contract with Hawai'i not-for-profit entities to administer expenditures from the ESSF for the purposes set forth in Section 201-12.8, HRS.

Act 122, SLH 2019, formally established the Hawai'i State Energy Office (HSEO) as an attached agency of the Department of Business, Economic Development and Tourism; shifted the means of financing of the HSEO from special funds from the ESSF to general funds; and reduced the ESSF's allocation of the Barrel Tax from 15 cents per barrel to 5 cents per barrel. The net difference of 10 cents per barrel was redirected for deposit into the State general fund.

B&F notes that while restoring the ESSF's allocation of the Barrel Tax from 5 cents to 15 cents per barrel will result in an increase of special fund revenue to the ESSF, the corresponding loss in general fund revenue will be an estimated \$2,500,000 to \$2,600,000 and may impact the Administration's ability to fund other priorities.

Thank you for your consideration of our comments.



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

---

Testimony Presented Before the  
Senate Committee on Energy, Economic Development, and Tourism  
Monday, March 9, 2020 at 2:45 p.m.

by  
Vassilis L. Syrmos, Vice President for Research and Innovation  
University of Hawai'i System

### HB 1850 HD1 – RELATING TO THE ENERGY SECURITY SPECIAL FUND

Chair Wakai, Vice Chair Taniguchi, and Members of the Committee:

The University of Hawai'i (UH) supports HB 1850 HD1 -- which allows the chief energy officer to enter contracts with Hawai'i non-profit organizations to administer expenditures from the energy security special fund for the purposes set forth in section 201-12.8, HRS; and increases the allocation from the state environmental response, energy, and food security tax for deposit to the energy security special fund from 5 cents to 15 cents per barrel or fractional part of a barrel of petroleum product.

As an active proponent and participant in clean energy and climate change mitigation research, as well as research innovation and commercialization, UH believes that the proposed measure will aid the Hawai'i State Energy Office to successfully navigate and lead the state toward its Hawai'i Clean Energy Initiative goals, including the shift to 100 percent renewable energy in the electrical sector by 2045 – by stimulating public-private partnerships that fund innovative clean energy technologies.

An increase in public investment into innovative, clean energy technologies made possible by this measure, will not only contribute to help mitigate the environmental effects of climate change, but at the same time -- will help to attract outside investment in these technologies to boost the state's economy.

Thank you for the opportunity to testify on this measure.



# Chamber of Commerce HAWAII

*The Voice of Business*

## **Testimony to the Senate Committee on Energy, Economic Development, and Tourism**

**Monday, March 9, 2020 at 2:45 P.M.  
Conference Room 414 State Capitol**

### **RE: HB 1850 HD1, RELATING TO THE ENERGY SECURITY SPECIAL FUND**

Chair Wakai, Vice Chair Taniguchi, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 1850 HD1, which allows the chief energy officer to contract with Hawaii not-for-profit entities to administer expenditures from the energy security fund for the purpose outlined in section 201-12.8, Hawaii Revised Statutes. The bill also increases the allocation from the state environmental response, energy, and food security tax for deposit to the energy security special fund from 5 cents to 15 cents per barrel or fractional part of a barrel of petroleum product.

The Chamber is Hawaii's leading statewide business advocacy organization, representing 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

Hawaii continues to play a leading role in protecting our environment and increasing energy efficiency. We believe in the benefits of a sustainable future, but we must ensure that solutions that would affect the business community do not impede or create unintended burdens on entrepreneurs. Policies need to be shaped to create common ground, especially so that businesses can have the flexibility to develop and create practical, reasonable and rational solutions to address these important issues. Furthermore, rather than mandates, we encourage innovation and technology to finding solutions.

This bill would assist the Hawaii State Energy Office (HSEO) in its mission to guide the state toward its renewable energy goals through public-private partnerships. Achieving these goals would also allow HSEO to grow the clean energy sector and generate more quality jobs.

The Chamber recognizes the need to find solutions to address climate change. In the coming years, Hawaii's economy faces the threat of economic loss due to effects of climate change. Public funding towards innovation for climate change mitigation and adaption has been shown to produce follow-on investments. With an increase in public investments, the state could promote innovation that could help mitigate the effects of climate change while at the same time work to attract outside investments that will strengthen Hawaii's economy.

Thank you for this opportunity to provide testimony in support of HB 1850 HD1.

# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

---

SUBJECT: FUEL; Increase Earmark to Energy Security Special Fund

BILL NUMBER: HB 1850, HD-1

INTRODUCED BY: House Committee on Energy & Environmental Protection

EXECUTIVE SUMMARY: Allows the chief energy officer to contract with Hawaii not-for-profit entities to administer expenditures from the energy security special fund for the purposes set forth in section 201-12.8, HRS. Increases the allocation from the state environmental response, energy, and food security tax for deposit to the energy security special fund from 5 cents to 15 cents per barrel or fractional part of a barrel of petroleum product. Effective 7/1/2050

SYNOPSIS: Amends section 201-12.8, HRS, to allow the chief energy officer, subject to the approval of the governor, to enter into public-private partnerships with certain not-for-profit entities to create a plan and administer expenditures from the energy security special fund,

Amends section 243-3.5, HRS, to increase the earmark on the barrel tax from 5 to 15 cents per barrel for the energy security special fund. Does not increase the tax imposed.

EFFECTIVE DATE: 7/1/2050.

STAFF COMMENTS: The proposed measure would perpetuate the earmarking of barrel tax revenues. Public-private partnerships in furtherance of clean energy may provide some benefit to the State. But does that justify grabbing a pot of barrel tax money without going through the normal budgeting process that also considers sweltering primary schools, underfunded state pensions, or disaster relief for rain-flooded or lava-burnt counties?

Rather than the continual earmarking of revenues, a direct appropriation of general funds would be preferable. Earmarking revenues from any tax type for a particular purpose decreases transparency and accountability.

Next, it should be remembered that revenues diverted for a special purpose, in this case to fund clean energy-related expenditures, will not be counted against the state's spending ceiling or debt limit and will obscure the state's true financial condition.

Digested 2/11/2020



**Written Statement of Elemental Excelerator  
before the Senate Committee on Energy, Economic Development, and Tourism  
March 09, 2020**

**In consideration of [HB 1850 HD 1](#)  
RELATING TO ENERGY SECURITY SPECIAL FUND**

**Aloha Chair Wakai, Vice-Chair Taniguchi, and Members of the Senate Committee Senate Committee on Energy, Economic Development, and Tourism:**

Elemental Excelerator respectfully submits **strong support** for HB 1850 HD 1, which:

1. Allows the chief energy officer to contract with Hawaii not-for-profit entities to administer expenditures from the energy security special fund for the purposes set forth in section 201-12.8, Hawai'i Revised Statutes; and
2. Increases the allocation from the state environmental response, energy, and food security tax for deposit to the energy security special fund from 5 cents to 15 cents per barrel or fractional part of a barrel of petroleum product.

Elemental Excelerator is a Honolulu-based non-profit organization that supports climate positive startup companies that are helping solve Hawai'i's most urgent environmental problems. Each year, we select 15-20 companies annually that best fit our mission and fund each company up to \$1 million. To date, we have awarded \$36 million to 99 companies resulting in over fifty demonstration projects in Hawai'i & the Asia Pacific.

**We strongly support HB 1850 HD 1 for the following reasons:**

1. It aligns with the purpose of the Hawai'i State Energy Office (HSEO): With new leadership and structure at the helm of the office, this bill provides a foundation for the energy office to realize their vision and mission through public-private partnerships that utilize catalytic funding of innovative technologies to accelerate a clean economy for our state. HSEO's vision and mission, according to their website, *"...will guide our state toward the Hawaii Clean Energy Initiative goals to achieve 100 percent renewable energy in the electricity sector by 2045, reduce electricity consumption by 4,300 gigawatt-hours by 2030, and reduce petroleum use in transportation. To this end, HSEO works toward the deployment of clean energy infrastructure and serves as a catalyst for energy innovation."*<sup>[1]</sup>
2. It brings necessary economic investments in climate change mitigation: According to the 2018 Hawai'i Sea Level Rise Vulnerability and Adaptation Report, Hawai'i, over the next few decades, will have, *"An estimated \$19 billion of economic loss [that] would result from chronic flooding of land and structures located within the seal level-rise of exposure area with 3.2 feet of sea-level rise"*<sup>[2]</sup> In our work, we have seen that every \$1 of public funding towards innovation for climate change mitigation and adaptation has shown to produce 20x that amount in follow-on investments. As of 2019, Elemental Excelerator funded \$36 million to our 99 portfolio companies which led them to raise \$790 million in follow-on funding.<sup>[3]</sup> If the state were to increase public investments in



innovation through this legislation, it could mitigate the effects of climate change while simultaneously attracting outside investments that enhance Hawai'i's economy.

Mahalo for the opportunity to provide testimony on this legislation.

Sincerely,

*Tiffany Huynh*

Tiffany Huynh  
Director of External Affairs

---

<sup>[1]</sup> Who We Are, Hawai'i State Energy Office, Retrieved from <https://energy.hawaii.gov/who-we-are>

<sup>[2]</sup> Hawai'i Sea Level Rise Vulnerability and Adaptation Report, January 2018, Retrieved from [https://climateadaptation.hawaii.gov/wp-content/uploads/2018/01/SLR-Report\\_-January-2018.pdf](https://climateadaptation.hawaii.gov/wp-content/uploads/2018/01/SLR-Report_-January-2018.pdf)

<sup>[3]</sup> Elemental Excelerator 2019 Impact Report



**LATE**

183 Pinana St., Kailua, HI 96734 • 808-262-1285 • info@350Hawaii.org

To: The Senate Committee on Energy, Economic Development, and Tourism  
From: Brodie Lockard, Founder, 350Hawaii.org  
Date: Monday, March 9, 2020, 2:45 pm

**In strong support of HB 1850 HD1**

Dear Chair Wakai, and members:

350Hawaii.org's 6,000 members strongly support HB 1850 HD1.

If created carefully, a public-private partnership (PPP) can both benefit Hawaii's economy, and help bring technologies to market that will move Hawaii closer to being zero-emissions.

The barrel tax was created both to promote clean energy and local food programs, and to discourage oil consumption. But much of its revenues have been diverted to the general fund.

Tripling the deposit from the barrel tax into the energy security special fund would help the PPPs succeed commercially.

The energy security special fund is specifically for various programs that fight the Climate Crisis, like stronger energy conservation state building codes, improved clean vehicle charging infrastructure, the building energy efficiency revolving loan fund, and the greenhouse gas sequestration task force.

Move barrel tax revenues where they belong: into programs that promote zero emissions.

Brodie Lockard  
Founder, 350Hawaii.org

**LATE**

**HB-1850-HD-1**

Submitted on: 3/9/2020 7:56:30 AM

Testimony for EET on 3/9/2020 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jenny Webster	Individual	Support	No

Comments:

Please support [HB1850](#). This fund has not been used for its intended purpose- to promote green businesses, green options, and green energy - an effort to help humanity (all of our children and grandchildren) survive the climate crisis that is already here. I know the general funds are always too short, but it is short-sighted not to look to long-term sustainability. We must begin using these funds to build a more sustainable and equitable future for everyone here in Hawaii and on the planet. Please, vote yes on this bill and move these tax revenues to where we need them.

**LATE**

**HB-1850-HD-1**

Submitted on: 3/9/2020 7:57:49 AM

Testimony for EET on 3/9/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Nanea Lo	Individual	Support	No

Comments:

Dear Chair Wakai, and members:

As one of [350Hawaii.org](http://350Hawaii.org)'s 6,000 members, I strongly support HB 1850 HD1.

If created carefully, a public-private partnership (PPP) can both benefit Hawaii's economy, and help bring technologies to market that will move Hawaii closer to being zero-emissions.

The barrel tax was created both to promote clean energy and local food programs, and to discourage oil consumption. But much of its revenues have been diverted to the general fund.

Tripling the deposit from the barrel tax into the energy security special fund would help the PPPs succeed commercially.

The energy security special fund is specifically for various programs that fight the Climate Crisis, like stronger energy conservation state building codes, improved clean vehicle charging infrastructure, the building energy efficiency revolving loan fund, and the greenhouse gas sequestration task force.

Move barrel tax revenues where they belong: into programs that promote zero emissions.

me ke aloha 'Ä• ina,  
Nanea Lo

**LATE**

**HB-1850-HD-1**

Submitted on: 3/9/2020 9:59:35 AM

Testimony for EET on 3/9/2020 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Noel Morin	Individual	Support	No

Comments:

Dear Chair Wakai, and members:

I strongly support HB 1850 HD1. Please enable the barrel tax to achieve what it was intended to do - allow its revenues to fully support programs designed to reduce our emissions.

Thank you for the opportunity to testify.

Noel Morin - Hilo

**LATE**

**HB-1850-HD-1**

Submitted on: 3/9/2020 10:30:18 AM

Testimony for EET on 3/9/2020 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Katherine Ray	Individual	Support	No

Comments:

Dear Chair Wakai, and members:

As one of 350Hawaii.org's 6,000 members, I strongly support HB 1850 HD1.

If created carefully, a public-private partnership (PPP) can both benefit Hawaii's economy, and help bring technologies to market that will move Hawaii closer to being zero-emissions.

The barrel tax was created both to promote clean energy and local food programs, and to discourage oil consumption. But much of its revenues have been diverted to the general fund.

Tripling the deposit from the barrel tax into the energy security special fund would help the PPPs succeed commercially.

The energy security special fund is specifically for various programs that fight the Climate Crisis, like stronger energy conservation state building codes, improved clean vehicle charging infrastructure, the building energy efficiency revolving loan fund, and the greenhouse gas sequestration task force.

Move barrel tax revenues where they belong: into programs that promote zero emissions.

Sincerely,

Katherine Ray

**LATE**

**HB-1850-HD-1**

Submitted on: 3/9/2020 2:08:48 PM

Testimony for EET on 3/9/2020 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
william metzger	Testifying for 350 HAWAII	Support	No

Comments:

INCREASE BARREL TAX TO FIFTEEN CENTS.

**LATE**

**HB-1850-HD-1**

Submitted on: 3/9/2020 11:51:21 AM

Testimony for EET on 3/9/2020 2:45:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Suzanne Egan	Individual	Support	No

Comments:

To: The Senate Committee on Energy Economic Development and Tourism

From: Suzanne Egan

Date: Monday, March 9, 2020, 2:45

In strong of HB 1850 HD1

with request to raise the 15 cent initiative significantly

Dear Chair Wakai, and members:

The barrel tax was created specifically to promote clean energy and discourage consumption. Why is the majority of this revenue diverted to the general fund? I would like to see more of this towards the ENERGY SECURITY SPECIAL FUND, where it belongs... towards zero-emission programs and greenhouse gas sequestration, building energy efficiency, CLEAN TRANSPORTATION and charging infrastructure and energy conservation state building codes. The proposed 15cents is NOT ENOUGH. And please take advantage of the Public-private partnerships. As a board member of a fledgling non-profit, currently in architectural master planning and assessment of energy needs, I can speak personally to the obvious benefits of such partnership.

Aloha,

Suzanne Egan

Hawaii Spiritual Center



**LATE**

**HB-1850-HD-1**

Submitted on: 3/9/2020 2:59:56 PM

Testimony for EET on 3/9/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
tlaloc tokuda	Individual	Support	No

Comments:

To: The Senate Committee on Energy, Economic Development, and Tourism

From: Tlaloc Tokuda

Date: Monday, March 9, 2020, 2:45 pm

**In strong support of HB 1850 HD1**

Dear Chair Wakai, and members:

As one of 350Hawaii.org's 6,000 members, I strongly support HB 1850 HD1.

If created carefully, a public-private partnership (PPP) can both benefit Hawaii's economy, and help bring technologies to market that will move Hawaii closer to being zero-emissions.

The barrel tax was created both to promote clean energy and local food programs, and to discourage oil consumption. But much of its revenues have been diverted to the general fund.

Tripling the deposit from the barrel tax into the energy security special fund would help the PPPs succeed commercially.

The energy security special fund is specifically for various programs that fight the Climate Crisis, like stronger energy conservation state building codes, improved clean vehicle charging infrastructure, the building energy efficiency revolving loan fund, and the greenhouse gas sequestration task force.

Move barrel tax revenues where they belong: into programs that promote zero emissions.

Mahalo for your consideration,

Tlaloc Tokuda

Kailua Kona HI 96740