



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

235 South Beretania Street, 5TH 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
HOUSE COMMITTEE ON FINANCE
Wednesday, February 19, 2020
4:00 PM
State Capitol, Conference Room 308

In Opposition to **HB 2498, HD1** **RELATING TO ENERGY RESOURCES.**

Chair Luke, Vice Chair Cullen and Members of the Committee, the Hawaii State Energy Office (HSEO) respectfully opposes and offers comments on HB 2498, HD1, which proposes to repeal authorization for agencies that perform energy efficiency retrofitting to receive budget appropriations for energy expenditures at an amount that does not fall below the pre-retrofitting energy budget and to have the agencies set aside a portion of the moneys saved through efficiency and renewable energy system retrofitting to pay for costs directly associated with administering energy efficiency and renewable energy system retrofitting purposes.

As outlined in HRS 196-71 b(2), the HSEO is established with a defined focus, to “Lead efforts to incorporate energy efficiency, energy resiliency, renewable energy, energy resiliency, and clean transportation to reduce costs and achieve clean energy goals across all public facilities...” (https://www.capitol.hawaii.gov/hrscurrent/Vol03_Ch0121-0200D/HRS0196/HRS_0196-0071.htm). The \$507.1 million in energy performance contracts put in place since 1996, will save the state an estimated \$1.2 billion in electricity savings over the life of the contracts. This includes 295 buildings and facilities covering over 112 million square feet (<https://energy.hawaii.gov/wp-content/uploads/2020/01/HSEO-Annual-Report-2019.pdf>). This proposed measure will significantly impact agencies participation in energy performance contracting and energy retrofits.

Thank you for the opportunity to testify.



STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

Date: 02/19/2020
Time: 04:00 PM
Location: 308
Committee: House Finance

Department: Education

Person Testifying: Dr. Christina M. Kishimoto, Superintendent of Education

Title of Bill: HB 2498, HD1 RELATING TO ENERGY RESOURCES.

Purpose of Bill: Amends the amount of budget appropriations for energy expenditures that agencies performing energy efficiency or renewable energy system retrofitting are entitled to receive. Repeals the required setting aside of a portion of moneys saved through the retrofitting. Effective 7/1/2050. (HD1)

Department's Position:

The Department of Education (Department) respectfully offers comments regarding HB 2498, HD1.

Over the past three years, the Department invested \$46.4 million in energy efficiency measures through the Hawaii Green Infrastructure Authority Green Energy Money and Saver (HGIA GEM\$) Loan program resulting in over 12 million kilowatt hours of energy savings, which is approximately 9% of the energy consumption. These loans must be paid back over a twenty-year period with electricity efficiency savings.

Despite these significant electricity savings, the cost of electricity continues to increase based on increased oil prices and energy cost adjustments by utility companies. While overall consumption is down 9%, electricity costs have exceeded appropriations by 7%.

The impact of this bill will eliminate incentives for agencies to invest in energy efficiency retrofitting measures like the HGIA GEM\$ Loan program.

Thank you for the opportunity to provide testimony on HB 2498, HD1.

The Hawai'i State Department of Education is committed to delivering on our promises to students, providing an equitable, excellent, and innovative learning environment in every school to engage and elevate our communities. This is achieved through targeted work around three impact strategies: school design, student voice, and teacher collaboration. Detailed information

is available at www.hawaiipublicschools.org.

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 HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 2498, H.D. 1

**February 19, 2020
4:00 p.m.
Room 308**

RELATING TO ENERGY RESOURCES

The Department of Budget and Finance (B&F) offers comments on House Bill (H.B.) No. 2498, H.D. 1.

H.B. No. 2498, H.D. 1, amends Section 36-41, HRS, to limit the amount of budget appropriations for energy efficiency and renewable energy system retrofitting to an amount that is deemed appropriate by the Legislature. Currently, Section 36-41 provides that the amount of budget appropriations for energy efficiency and renewable energy system retrofitting will not fall below the pre-retrofitting energy budget and will rise in proportion to any increase in the agency's overall budget for the duration of the performance contract or project payment term.

B&F notes that currently many State departments and agencies have energy saving company (ESCO) contracts totaling in the hundreds of millions of dollars. These ESCO contracts were put in place based on Section 36-41. The proposed revision could have an adverse impact on the viability of the existing ESCO contracts and would

discourage the use of ESCO contracts in the future to meet Hawai'i's energy self-sufficiency goals.

Thank you for your consideration of our comments.



Email: communications@ulupono.com

HOUSE COMMITTEE ON FINANCE
Wednesday, February 19, 2020 — 4:00 p.m. — Room 308

Ulupono Initiative offers comments on HB 2498 HD 1, Relating to Energy Resources

Dear Chair Luke and Members of the Committee:

My name is Amy Hennessey, and I am the Senior Vice President of Communications & External Affairs at Ulupono Initiative. We are a Hawai'i-based impact investment firm that strives to improve our community's quality of life by creating more locally produced food; increasing affordable clean renewable energy and transportation options; and better managing waste and fresh water resources.

Ulupono offers comments on HB 2498 HD 1, which amends the amount of budget appropriations for energy expenditures that agencies performing energy efficiency or renewable energy system retrofitting are entitled to receive and repeals the required setting aside of a portion of moneys saved through the retrofitting.

Ulupono is concerned that if budgets are lowered after energy efficiency (EE) projects are installed and the subsequent costs are lowered, the department or agency may have little incentive to pursue EE as they reap no financial benefit for their departments. That being said, consistent funding should be provided for future EE retrofitting projects through the State Legislature should this measure move forward.

Thank you for this opportunity to testify.

Respectfully,

Amy Hennessey, APR
Senior Vice President, Communications & External Affairs

Investing in a Sustainable Hawai'i

HB-2498-HD-1

Submitted on: 2/17/2020 1:13:40 PM

Testimony for FIN on 2/19/2020 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Andrea Quinn	Individual	Support	No

Comments:

Dear Honorable Committee Members:

Please support HB2498. Our coral reefs are dying due in large part to warming oceans, and valuable coastline is eroding due to sea level rise. Climate change is already occurring. Retrofitting for clean energy will help Hawaii lead in the fight against climate change.

Thank you for the opportunity to present my testimony.

Sincerely,

Andrea Quinn

Kihei, Maui

HB-2498-HD-1

Submitted on: 2/18/2020 11:45:47 AM

Testimony for FIN on 2/19/2020 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Phaethon Keeney	Individual	Support	No

Comments:

LATE

HB-2498-HD-1

Submitted on: 2/19/2020 10:18:28 AM

Testimony for FIN on 2/19/2020 4:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Henri Etta Schmitz	Individual	Support	No

Comments: