

HAWAII STATE ENERGY OFFICE STATE OF HAWAII

DAVID Y. IGE
GOVERNOR

SCOTT J. GLENN
CHIEF ENERGY OFFICER

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Testimony of
SCOTT J. GLENN, Chief Energy Officer

before the
HOUSE COMMITTEE ON FINANCE

Thursday, February 25, 2021
11:00 AM
State Capitol, Conference Room 308

In support of
HB 550, HD2
RELATING TO ENERGY EFFICIENCY.

Chair Luke, Vice Chair Cullen, and Members of the Committee, the Hawaii State Energy Office (HSEO) supports HB 550, HD2, which establishes deadlines for all state facilities 10,000 square feet and larger to implement cost-effective energy efficiency measures; provides that agencies that perform energy efficiency retrofitting may receive appropriations for such measures; authorizes HSEO to have access to and collect all utility bills and energy usage data for state-owned facilities and to make this data available to the public; establishes a goal of achieving at least a twenty-five percent reduction by 2025 in electricity consumption of state facilities; and, requires, where feasible and cost-effective, the design of all new state building construction to maximize energy and water efficiency, maximize energy generation potential, and use building materials that reduce the carbon footprint of the project.

The objectives of energy efficiency, cost control, lower energy bills, and leading by example outlined in HB 550, HD2, are consistent with HSEO's mission "to promote energy efficiency... to help achieve a resilient clean energy economy" in accordance with Section 196-71(a), Hawai'i Revised Statutes. It is also consistent with the Chief Energy Officer's duties to "provide technical assistance to state and county agencies to assess and implement projects and programs related to energy conservation and

efficiency, renewable energy, clean transportation, energy resiliency, and related measures.”

HSEO agrees that energy efficiency is the most cost-effective way to reduce energy usage, and has worked over the years with a number of state agencies in Hawaii that have participated, or are currently participating in, facility benchmarking, energy audits, and energy savings performance contracts. HSEO has observed that there are always more, and sometimes new, energy savings and bill reduction opportunities.

HSEO also agrees that designing new state buildings to maximize energy and water efficiency, identifying energy generation potential, and using building materials that reduce the carbon footprint, where feasible and cost-effective, are in alignment with the State’s clean energy and decarbonization goals.

HSEO is working closely with Hawaii Energy and state agencies to assess opportunities to reach a target goal of 25% by 2025 reduction from a 2005 baseline year. HSEO has consistently been measuring facility electricity reduction using 2005 as the baseline year. Also, the use of 2005 as the baseline year is consistent with the United Nations’ baseline year and the Paris Agreement, which Hawai’i committed to support and to “be aligned with” in Part I of [Act 32 of 2017](#).

HSEO’s analysis shows that since 2005, state agencies’ total electricity consumption has declined by 17 percent. HSEO believes that, with Legislative and Administrative support, and the Energy Efficiency in State Buildings Project described in the attachment, that amount can increase to 25 percent by 2025.

HSEO’s comments are guided by its mission to promote energy efficiency, renewable energy, and clean transportation to help achieve a resilient, clean energy, decarbonized economy.

In summary, HSEO supports HB550, HD2, to maximize the near-term savings and long-term energy performance of State buildings.

Thank you for the opportunity to testify.

Energy Efficiency in State Buildings (EESB) 25% energy use reduction by 2025

Proactive management of energy costs by State agencies is expected to result in cost savings as well as improved facility operation. The Energy Efficiency in State Buildings project takes a comprehensive and coordinated approach to this objective.

Goal: Reduce state departmental energy use by 25% (from 2005 levels) by 2025.¹

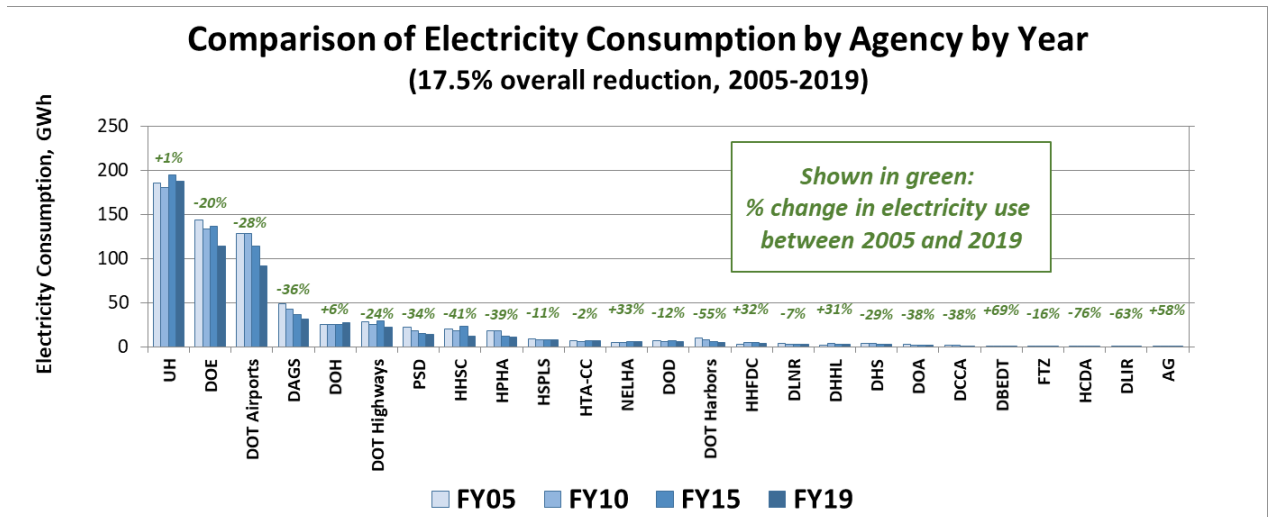
Hawaii Revised Statutes, Section 196-30, requires that “each state department with responsibilities for the design and construction of public buildings and facilities” is to evaluate the energy efficiency of public buildings larger than 5,000 square feet or using more than 8,000 kilowatt-hours annually. The goal of 25% reduction by 2025 builds upon that requirement by setting a target amount and date.

Coordination:

Coordination will be provided by the Hawaii State Energy Office (HSEO) and Hawaii Energy.

Status:

A previous State (HSEO and partners) project benchmarked 416 public facilities, including more than 2,600 buildings covering more than 29 million square feet. By the end of 2019, the State agencies’ energy use was 17.5% less that it was in 2005, the baseline year. The figure below shows the percentage change from 2005 to 2019 and the relative magnitude of electricity purchases by agencies.



Background:

Energy Performance Contracting in Hawai’i

Agencies have been pursuing energy retrofits since 1996. State and local government agencies’ savings from the performance contracting program*² (since its introduction by the State Energy Office in 1996) are expected to total an estimated \$1.1 billion in energy costs over the life of the contracts, and a cumulative amount of electricity equal to the amount used by 396,586 homes in one year. The projects comprise over 112 million square feet in 295 existing buildings and facilities. Hawaii Revised Statutes, Section 196-30, also requires that every five years, major facilities be “retro-commissioned.”

Plan:

HSEO coordinates provision of technical assistance and training with Hawaii Energy to support State agencies in financing energy efficiency and cost reductions via operational changes, energy savings performance contracts, or other mechanisms.

Funding: Pursue-federal funding and use of existing HSEO consultants to support technical assistance and to finance and incentivize the proposed work with state agencies.

Year 1 (2021-2022)

Identify highest potential ("Tier 1") State facilities for immediate action using the results of the previous benchmarking study, working with agencies that are among the highest energy users and have not yet achieved the 25% energy savings goal.

Tier 1 agencies include: University of Hawaii, Department of Education, Department of Health, Department of Defense, Hawaii Public Library System, and Hawaii Health Systems Corporation. DAGS, as the building operations and manager for many state facilities, would also assist and participate in both Tiers 1 and 2. In partnership with HSEO and Hawaii Energy, this State agency cohort would identify, address, and implement energy retrofit and operational savings opportunities.

Agency	FY05 kWh	FY19 kWh	Change FY05 - FY19 %	Maximum Annual Use with 25% Reduction kWh	Additional Reduction from 2019 Levels to Reach Goal kWh	Estimated Additional Savings \$
UH	186,135,017	187,264,956	0.6	139,601,263	47,663,693	14,156,117
DOE	143,491,511	114,391,027	-20.3	107,618,633	6,772,394	2,011,401
DOH	25,800,739	27,273,819	5.7	19,350,554	7,923,265	2,353,210
HSPLS	8,477,520	7,508,738	-11.4	6,358,140	1,150,598	341,728
DOD	6,703,102	5,885,274	-12.2	5,027,327	857,947	254,810

Year 2 (2022-2023)

Identify "Tier 2" State facilities with energy efficiency retrofit potential. For both Tier 1 and Tier 2 sites, identify demand response or other potential tariff /aggregator participation options to reduce State agency energy (electricity and fuel) costs. Tier 2 agencies would include: DBEDT, DLNR, FTZ, HTA-CC and NELHA. HHFDC and DHHL would be the housing and other agencies included in Tier 2.

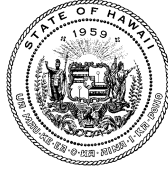
Energy Performance Contracts in Hawaii as of October, 2020

Agency	Year(s)	Contract Amount (\$)	Est. Savings Over Life of Contract (\$)
UH-Hilo	1996-2012	\$6,402,695	\$14,630,066
County of Hawaii	1997-2026	\$2,215,546	\$8,157,880
County of Kauai	1998-2012	\$525,965	\$1,205,990
City & County of Honolulu	2001-2025	\$11,900,205	\$36,066,761
Hawaii Health Systems Corporation	2002-2022	\$21,936,997	\$55,766,364
Judiciary	2003-2012	\$1,474,406	\$9,785,036
DAGS Phase I	2009-2029	\$36,873,266	\$72,580,767
PSD	2010-2030	\$25,511,264	\$57,211,112
UH Community Colleges	2012-2032	\$34,207,392	\$37,000,000
City & County HNL Kailua Wastewater	2013-2033	\$6,054,178	\$13,693,910
DAGS Phase II	2013-2033	\$17,400,000	\$28,000,000
DOT	2013-2034	\$309,506,592	\$795,560,746
Honolulu Board of Water Supply	2016-2036	\$33,125,398	\$56,846,668
	Total	\$507,133,904	\$1,186,505,300

Notes:

- ¹ The commitment to the 25% reduction, and the use of 2005 as the baseline year, are consistent with the United Nations' baseline year and the Paris Agreement, which Hawai'i committed to support and to "be aligned with" in Part I of [Act 32 of 2017](#).
- ² With an Energy Performance Contract, a State or County agency enters into an agreement with a private Energy Services Company (ESCO) to purchase and install an Energy Conservation Measure (possibly including photovoltaics). The agency uses a portion of the electricity bill savings from those energy conservation measures to, over time, reimburse the ESCO for the cost of the equipment and installation (and maintenance, if included in the agreement). This allows the private contractor to purchase and install equipment that reduces energy and water use in government-owned facilities, based on the future savings from the energy conservation measures, with no required up-front payment by the government agency. Under the agreement, the ESCO will guarantee the savings – and pay for any shortfall.

DAVID Y. IGE
GOVERNOR



CURT T. OTAGURO
COMPTROLLER
AUDREY HIDANO
DEPUTY COMPTROLLER

STATE OF HAWAII
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
P.O. BOX 119, HONOLULU, HAWAII 96810-0119

WRITTEN TESTIMONY
OF
CURT T. OTAGURO, COMPTROLLER
DEPARTMENT OF ACCOUNTING AND GENERAL SERVICES
TO THE
COMMITTEE ON FINANCE

THURSDAY, FEBRUARY 25, 2021, 11:00 A.M.
CONFERENCE ROOM 308 VIA VIDEOCONFERENCE, STATE CAPITOL

H.B. 550, H.D.2

RELATING TO ENERGY EFFICIENCY.

Chair Luke, Vice Chair Cullen, and Members of the Committee, thank you for the opportunity to submit testimony on H.B. 550, H.D.2.

The Department of Accounting and General Services (DAGS) appreciates the intent of H.B. 550, H.D.2 which requires and establishes deadlines for state facilities, except smaller facilities and facilities at Aloha Stadium, to implement cost-effective energy efficiency measures. The DAGS offers the following comments for the committee's consideration:

- 1) The DAGS would like to emphasize that the projects performed within performance contracting typically qualify for the use of Capitol Improvement Project (CIP) funds; and when performance contracting projects are performed, these projects will be paid using future operating funds. This has the effect of paying for CIP qualified projects with operating funds and will not decrease a program's expenditure of operating funds.

- 2) The DAGS would like to emphasize that when performance contracting projects are performed, the design and construction are not subject to bidding and costs are typically much higher.

Thank you for the opportunity to submit testimony on this matter.

DAVID Y. IGE
GOVERNOR



LATE

DR. CHRISTINA M. KISHIMOTO
SUPERINTENDENT

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

Date: 02/25/2021

Time: 11:00 AM

Location: 308 Via Videoconference

Committee: House Finance

Department: Education

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

Title of Bill: HB 0550, HD2 RELATING TO ENERGY EFFICIENCY.

Purpose of Bill: Requires and establishes deadlines for state facilities, except smaller facilities and facilities at Aloha Stadium, to implement cost-effective energy efficiency measures. Directs the Hawaii state energy office to collect utility bill and energy usage data for state-owned buildings and to make the data publicly available. Establishes a goal for the State to achieve at least a twenty-five percent reduction in the electricity consumption of state facilities. Provides that certain agencies that perform energy efficiency retrofitting may continue to receive appropriations for energy expenditures. Beginning 7/1/2022, requires, where feasible and cost-effective, the design of all new state building construction to maximize energy and water efficiency, maximize energy generation potential, and use building materials that reduce the carbon footprint of the project. Effective 7/1/2050. (HD2)

Department's Position:

The Hawaii State Department of Education (Department) provides comments on HB 0550, HD2.

Adequate funding is necessary to implement energy efficiency measures, such as those identified in this proposal. Significant up-front capital investments are required to effectively implement and achieve energy efficiency projects and goals.

The Hawaii Green Infrastructure Authority's Hawaii Green Market Securitization (GEMS) Loan Program is the most cost effective way to implement energy efficiency for state agencies, which allows the agencies to recapture most of the energy savings. The

GEMS Loan Program requires agencies to justify the return on the up-front capital investments for cost-effective energy efficiency measures, which are financed by a low interest rate. As a result, the state agency, and not the third parties, receive most of the energy efficiency savings. To date, the Department used \$46 million in GEMS loan financing to reduce energy consumption by 15 million kWh per year. These savings are recaptured by the Department instead of going to Energy Services Company contracts.

Thank you for the opportunity to testify on this measure.

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.



Testimony for HB 550 HD 2

Committee on Finance Hearing on February 25, 2021

Position: The IAPMO Group Supports HB 550 HD 2 and Offers Language Clarification

Dear House Committee on Finance Members,

The International Association of Plumbing and Mechanical Officials (IAPMO) is an international trade association that is a critical voice for the plumbing, mechanical and parts of the solar industry. We are very supportive of the State's efforts to improve efficiency in buildings and feel water efficiency systems should also be prioritized to help with conservation and affordability.

IAPMO has developed the [*Water Efficiency and Sanitation Standard*](#) (WE•Stand) with a broad range of experts through an inclusive process that follows requirements established by the American National Standards Institute. It is the most progressive water savings standard available and is updated every three years to ensure all methods, products, and guidelines stay up-to-date. IAPMO's WE•Stand has been carefully developed to work seamlessly with currently-adopted codes – designed to bolster and complement current requirements in Hawaii.

WE•Stand includes a [*Peak Water Demand Calculator*](#), which was scientifically-vetted and can actually help generate cost-savings. The Water Demand Calculator is an innovative tool that updates pipe sizing methods for single- and multi-family dwellings, providing savings on overall cost of construction. This tool decreases the amount of water being used in a system, which reduces energy costs and improves public health and safety. Depending on the size and number of fixtures within a dwelling unit, applying the Calculator's provisions saves 10 – 15% in material and labor costs.

There are additional chapters in WE•Stand that provide guidelines and standards for onsite non-potable graywater and blackwater reuse. The threats of climate change will reduce the quantity and quality of freshwater in Hawaii, and these provisions provide effective ways to help communities to increase water and wastewater resilience, while also reducing energy consumption. The reuse systems also align with the objective of HB 444 that was signed into law in 2019 and requires the Department of Health to adopt rules for onsite non-potable water reuse systems by January 1, 2021.

HB 550 HD 2 places great emphasis on energy efficiency but improving water system efficiencies will also lead to better energy cost savings, workforce development, and environmental protection.

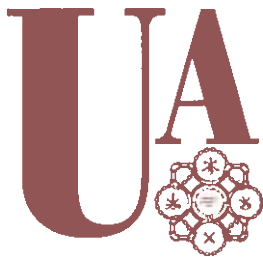
Given IAPMO's technical expertise and years of vetted scientific data for plumbing systems, as well as the ever-growing need to safeguard limited freshwater supplies, we strongly encourage the Committee on Consumer Protection & Commerce to make a technical correction to the HB 550 HD 2 in Section 4(d)(1), which refers to the design of state buildings. Specifically, on page 7, line 7 we urge the Committee to include the following language:



(1) Maximize energy and water efficiency measures, *by utilizing the Peak Water Demand Calculator and other relevant chapters listed in the most current edition of Water Efficiency and Sanitation Standard, as published by the International Association of Plumbing and Mechanical Officials;*

The inclusion of this language allows for the State to utilize technologically innovative products and practices that will increase water efficiency and conservation measures within buildings of all sizes.

IAPMO's primary goal is to protect the public's health and safety through innovative and effective plumbing systems that benefit communities, the environment and labor. We believe these recommendations will enhance the impact of HB 550 HD 2 and help to conserve the valuable freshwater resources in Hawaii.



Founded 1889

PLUMBERS AND FITTERS LOCAL 675 UNITED ASSOCIATION



February 23, 2021

Representative Sylvia Luke, Chair
Representative Ty Cullen, Vice Chair
House Committee on Finance
State Capitol, 415 South Beretania Street, Video Conference
Honolulu, Hawaii 96813

Re: HB1131 HD1 Relating To The State Building Code
Thursday, February 25, 2021 at 1:00 pm

Aloha Chair, Vice-Chair, and Committee Members;

Chartered in 1919, the Plumbers and Fitters UA, Local 675 is one of the oldest organized labor unions in Hawai'i and one of three 'licensed' skilled-construction trades, steeped in a rich history as one of Hawai'i's construction-industry pioneers.

The Plumbers and Fitters UA Local 675, appreciates and supports the intent of HB1131 HD1 which gives consideration to financial impacts related to the adoption of codes and standards, however believe that as most codes and standards are developed for the primary purpose of protecting health and safety, it's important to ensure that the adoption of codes and standards as they pertain to health and safety, are not conditioned upon potential financial impacts.

As such, we respectfully request clarifying language be inserted into Section 1 (preamble), Section 1(1), and Section 2(f) of HB1131 HD1 as follows:

SECTION 1. The legislature finds that in 2020, the median price of a single-family home in Hawaii was \$738,000 and the median price of a condominium in Hawaii was \$522,000. The legislature also finds that the cost of residential construction on Oahu is \$290 per square foot and the cost of residential construction on the neighbor islands is \$200 per square foot.

The legislature further finds that building codes and standards passed by the International Code Council add to the



cost of housing construction and reduce affordability. In determining whether to adopt international standards, the state building code council should assess the financial impact of changes to the construction costs that do not pertain to health and safety, and the impact on amortized utility costs, for single-family and multi-family dwellings in the State.

The purpose of this Act is to require the state building code council to:

(1) Consider the impact of building codes and standards that do not pertain to health and safety on the cost of single-family and multi-family homes built in the State, including the code's or standard's impact on amortized utility costs for single-family and multi-family homes; and

SECTION 2. Section 107-24, Hawaii Revised Statutes, is amended to read as follows:

"§107-24 Authority and duties of the council. (a) Any law to the contrary notwithstanding, the council shall establish the Hawaii state building codes.

(f) When considering the adoption of any code or standard that do not pertain to health and safety, the council shall consider the financial impact of the code or standard on the cost of single-family and multi-family homes built in the State, including the code's or standard's impact on amortized utility costs for single-family and multi-family homes.

Mahalo for the opportunity to testify.



Email: communications@ulupono.com

HOUSE COMMITTEE ON FINANCE
Thursday, February 25, 2021 —11:00 a.m.

Ulupono Initiative supports HB 550 HD 2, Relating to Energy Efficiency

Dear Chair Luke and Members of the Committee:

My name is Micah Munekata, and I am the Director of Government Affairs at Ulupono Initiative. We are a Hawai'i-focused impact investment firm that strives to improve quality of life throughout the islands by helping our communities become more resilient and self-sufficient through locally produced food; renewable energy and clean transportation; and better management of freshwater and waste.

Ulupono supports HB 550 HD 2, which requires and establishes deadlines for state facilities, except smaller facilities and facilities at Aloha Stadium, to implement cost-effective energy efficiency measures; directs the Hawai'i State Energy Office to collect utility bill and energy usage data for state-owned buildings and to make the data publicly available; establishes a goal for the State to achieve at least a 25% reduction in the electricity consumption of state facilities; provides that certain agencies that perform energy efficiency retrofitting may continue to receive appropriations for energy; and, beginning 7/1/2022, requires, where feasible and cost-effective, the design of all new state building construction to maximize energy and water efficiency, maximize energy generation potential, and use building materials that reduce the carbon footprint of the project.

Ulupono supports energy efficiency measures to lower consumption across the State. As Hawai'i's energy issues become increasingly complex and challenging, we appreciate this committee's efforts to look at policies that reduce the State's overall energy demand, which in return should save the State, and taxpayers, money. We recommend adding in a deadline to meet the State's 25% reduction of electricity consumption goal.

Meeting the State's 100% renewable goal by 2045 will require everyone's commitment and it is important for the State government to lead the way.

Thank you for the opportunity to testify.

Respectfully,

Micah Munekata
Director of Government Affairs

Investing in a Sustainable Hawai'i



HOUSE COMMITTEE ON FINANCE

February 25, 2021, 11:00 A.M.

Video Conference

TESTIMONY IN SUPPORT OF HB 550 HD2

Aloha Chair Luke, Vice Chair Cullen, and members of the Committee:

Blue Planet Foundation **supports HB 550 HD2**, an important energy efficiency measure that will reduce the taxpayer burden of state energy bills, create new jobs in clean energy, and decrease our carbon emissions. These are critical objectives—particularly given the dramatic economic challenges that Hawai'i faces. What's more, passing this measure will demonstrate that the State of Hawai'i leads by example.

House Bill 550 is needed today

Energy efficiency is foundational to achieve Hawai'i's critical clean energy and climate objectives, such as the state's 100% renewable energy requirement, carbon neutrality goal, and commitments to the Paris climate targets. House Bill 550 amplifies existing state efficiency efforts and brings renewed focus to the successful Energy Savings Performance Contract program. The measure also brings needed transparency on state building energy use to make visible even more savings opportunities. Finally, HB 550 ensures that new construction anticipates our future energy and climate goals by maximizing feasible and cost-effective energy efficiency and energy generation design features and using building materials that reduce the carbon footprint of the project.

While the state has made some strides toward energy efficiency, considerable opportunities remain to decarbonize state buildings and reduce energy costs for taxpayers. The facilities that the State of Hawai'i owns and/or manages comprise one of the largest electricity users in the state. While the use of energy savings performance contracting—mainly during the period between 2009 and 2014—helped some agencies reduce their energy consumption, many agencies did not participate. Additionally, no new energy service contracts have been awarded by state agencies for nearly five years and, in some cases, some performance contracts were last awarded ten years ago. Since that time, technology has evolved significantly and is far more efficient, resulting in greater cost-saving benefits for the state.

info@blueplanetfoundation.org

55 Merchant Street 17th Floor • Honolulu, Hawai'i 96813 • 808-954-6161 • blueplanetfoundation.org

HRS 196-19 states “Agencies shall retire inefficient equipment on an accelerated basis where replacement results in lower life-cycle costs.” Instead, the State continues to utilize old and inefficient equipment in many facilities that do not meet this requirement and waste taxpayer money. House Bill 550 would help to identify new energy savings opportunities and revitalize the successful performance contracting program.

House Bill 550 Helps Address the State’s Employment, Economic, and Budget Challenges

Energy efficiency is not only foundational to achieving our critical climate and clean energy goals, it boosts employment, economic activity, and tax revenue. State energy efficiency projects will keep hundreds of people employed at a time when the State is struggling to find new economic engines without tourism. As indicated in the “Hawai’i Clean Energy Initiative 2008-2018” report, energy efficiency employed 5,100 people statewide.¹ A BW Research Partnership report on COVID-19’s economic crisis in August 2020 reported that Hawai’i lost nearly 3,800 clean jobs, or 25.2% of the clean energy workforce, since before the pandemic spread—including 1,704 in the energy efficiency sector.² These are well-paying jobs that could be regained through the adoption of HB 550.

The reduction in state energy costs resulting from the energy efficiency projects can help reduce the projected budget shortfall. Critically, investment in energy efficiency projects through innovative performance contracting do not require any state or capital improvement project funds and instead can be funded through the energy savings. Further, energy efficiency projects will generate tax revenues for the state through the construction projects subject to the state’s general excise tax.

Conclusion

House Bill 550 is a keystone energy efficiency measure that will reduce the taxpayer burden of state energy bills, create new jobs in clean energy, and decrease our carbon emissions. At its core, however, HB 550 is about more than just operating efficient buildings. This measure is a promise that the state will lead by example and serve as a model for residents and the private sector for our clean energy transformation. The new requirements in HB 550 will inspire and demonstrate to everyone—consumers, building owners and managers, contractors—on how we use energy, make changes, and construct our buildings today for generations of tomorrow. House Bill 550 shows how the State of Hawai’i is leading by example on how our energy culture is changing.

Thank you for the opportunity to provide testimony.

¹ See <https://www.nrel.gov/docs/fy18osti/70709.pdf>

² See https://bwresearch.com/covid/docs/BWRResearch_CleanEnergyJobsCOVID-19Memo_July2020.pdf

HB-550-HD-2

Submitted on: 2/24/2021 8:30:05 AM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ted Bohlen	Climate Protectors Hawaii	Support	No

Comments:

To: The Honorable Sylvia Luke, Chair,

The Honorable Ty Cullen, Vice Chair, and Members of the

House Committee on Finance

From: Climate Protectors Hawaii (by Ted Bohlen)

Re: Hearing **HB550 HD2– RELATING TO ENERGY EFFICIENCY**

Thursday February 25, 2021, 11:00 a.m., by videoconference

Position: **STRONG SUPPORT of HB550 HD2!**

Aloha Chair Luke, Vice Chair Cullen, and Finance Committee members:

The Climate Protectors Coalition is a group focused on reversing the climate crisis. As a tropical island State, Hawaii will be among the first places harmed by the global climate crisis, with more intense storms, loss of protective coral reefs, food insecurity, and rising sea levels destroying our shorelines. We must do all we can to reduce our carbon footprint and become carbon negative as soon as possible. The planet faces an existential climate crisis and we must act now! The IPCC (Intergovernmental Panel on Climate Change) says we have less than 10 years for worldwide climate action to avoid climate catastrophe. If we are to solve the climate crisis, it will require **all of us** working together. Hawaii can and should be a leader in showing the world the way forward towards a safe and sustainable climate and future. The sooner we inspire others to take action and lead by example, the better off the future will be for our children.

One of the areas where the State can lead in reducing greenhouse gas emissions is by installing energy efficient equipment and taking energy efficiency measures at State facilities. This bill would establish a goal of reducing electricity consumption at State facilities by at least 25%. For State building construction design, it would require, where reasonable and cost effective, maximizing energy and water efficiency, maximizing

energy generation potential, and using building materials that reduce the carbon footprint of the project.

This plan will help substantially in reducing greenhouse gases and addressing our existential climate crisis. Please pass this bill!

Mahalo!

Climate Protectors Hawaii (by Ted Bohlen)



Before the House Committee on Finance
Thursday, February 25, 2021, 11:00am

Testimony in Support of HB550 HD2: Relating to Energy Efficiency

Chair Luke, Vice-Chair Cullen, and Members of the Committee:

Thank you for the opportunity to testify in support of House Bill 550 HD2.

Hawai'i Energy works to empower island families and businesses on behalf of the Hawai'i Public Utilities Commission (PUC) to make smart energy choices to reduce energy consumption, save money, and pursue a 100% clean energy future. Energy efficiency is the cheapest option to help us achieve our 100% clean energy goal by eliminating waste and being more efficient.

Hawai'i Energy applauds the emphasis on improving energy efficiency in State facilities. The State of Hawai'i has benefitted from a successful Energy Savings Performance Contract (ESPC) program that drove a significant level of energy savings projects between 2009 and 2015. Hawai'i Energy estimates that since 1996, Hawai'i government agencies have saved, on average, more than 5 million kilowatt hours a year, equating to over \$24 million in savings, with the majority of this coming through ESPCs.

ESPC procurements have significantly dropped since 2015, due to a number of potential factors, including previously completed projects, the expiration of the approved ESCO vendor list, and other non-energy priorities among others. With advances in technologies that increase efficiency coupled with the number of buildings that are still largely inefficient, opportunity remains for further improvement. ESPCs have demonstrated the ability to help the State save money without any capital budget allocation, which is now more important than ever.

Tackling energy use at state facilities will take time, manpower, and, in some instances, funding. We need to support energy efficiency contractors who have been negatively impacted by COVID-19, including loss of business, project delays and staff reduction. Hawai'i Energy stands ready to assist agencies with educational and engineering resources, as well as financial incentives to help launch these projects.

As the State looks at ways to help businesses recover from COVID-19, efficiency projects at state facilities can help to expand the economy and create opportunities for economic growth in the energy industry.

This bill requires the State agencies to implement cost-effective energy efficiency measures, meaning that the savings will be greater than the cost of upgrade. Given Hawai'i has the highest energy rates in the country, energy efficiency can deliver significant cost savings which need to be harvested during these challenging budgetary times. Upgrades that cannot pay for themselves do not need to be implemented, ensuring fiscal responsibility.

State agencies have the flexibility to implement energy efficiency measures through ESPC, but it could also be funded through the Green Energy Market Securitization (GEMS) so that no upfront capital is

required. The legislation does not limit state agencies from also funding the upgrades through capital improvement budgets if that is preferred.

We appreciate the efforts made by the State Legislature, the Hawai'i State Energy Office and other State agencies, and various stakeholders to improve on the 2020 version. Thank you for the opportunity to testify in support of HB550 HD2.

Sincerely,
Brian Kealoha
Executive Director
Hawai'i Energy



To: The House Committee on Finance
From: Sherry Pollack, 350Hawaii.org
Date: Thursday, February 25, 2021, 11am

In support of HB550 HD2

Aloha Chair Luke, Vice Chair Cullen, and members of the Finance committee,

I am Co-Founder of the Hawaii chapter of 350.org, the largest international organization dedicated to fighting climate change. 350Hawaii's 6,000 members **support HB550 HD2** which would reduce the taxpayer burden of state energy bills and decrease our carbon emissions.

One of the areas where the State can **lead in reducing greenhouse gas emissions** while at the same time **maximizing savings of taxpayer dollars**, is by installing energy efficient equipment and taking energy efficiency measures at State facilities. This bill would establish a goal of reducing electricity consumption at State facilities by at least 25%. For State building construction design, it would require, where reasonable and cost effective, maximizing energy and water efficiency, maximizing energy generation potential, and using building materials that reduce the carbon footprint of the project.

This plan will help substantially in reducing greenhouse gases and addressing our existential climate crisis while saving taxpayers money via energy efficiency.

Mahalo for the opportunity to testify in **support** of this very important legislation.

Sherry Pollack
Co-Founder, 350Hawaii.org

HB-550-HD-2

Submitted on: 2/23/2021 10:35:51 PM

Testimony for FIN on 2/25/2021 11:00:00 AM

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

Comments:

Dear Honorable Committee Members,

Please support HB550.

Thank you,

Andrea Quinn

HB-550-HD-2

Submitted on: 2/24/2021 8:12:08 AM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Jennifer L Ignacio	Individual	Support	No

Comments:

Energy efficiency and renewable energy are critical for Hawaii's future as a healthy and sustainable State. The State's commitment to promoting transparency in our energy costs will establish the baselines and metrics for future improvements and goals. These baselines will also allow the State to track and promote their accomplishments and progress.

Promoting efficiency through Energy Savings Projects allows the State to attain greater efficiency and reduce operating costs, improve resiliency, improve Indoor Environmental Quality, while addressing any deferred maintenance backlog at these facilities. The projects are self-funding, and contribute to the employment of local energy and contracting professionals.

The State's role in leading and committing to these goals is imperative for their success as we lead the Nation with our Net Zero Energy Goals.

HB-550-HD-2

Submitted on: 2/24/2021 9:28:35 AM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Joshua Carpenter	Individual	Support	No

Comments:

It has come to my attention that House Bill 550 regarding energy efficiency in state buildings is being currently reviewed. I would like to voice my support of HB 550 especially during this critical time in our island's history when tax revenue is at an all time low and the government is struggling to keep their workers employed. Any source of savings that can redirect capital to stabilize our ailing economy is a step in the right direction. Even during the best of times identifying savings through energy efficiency projects is and will always remain a good idea.

As a resident of District 5, it is my hope that the members of the house will support the passage of this bill.

HB-550-HD-2

Submitted on: 2/24/2021 9:33:10 AM

Testimony for FIN on 2/25/2021 11:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Caroline Kunitake	Individual	Support	No

Comments:

Dear Chair Luke, Vice Chair Cullen, and Committee on Finance,

Please support HB550 HD2.

We need more cost-effective energy efficient solutions in all of our state facilities whenever possible. Saving energy saves tax dollars and reduces pollution generated by burning fossil fuels and garbage for H-power.

As technology advances, we will see more energy efficient solutions provided to the masses at a lower cost (e.g. battery storage for solar power which would reduce dependency on the electrical grid).

In addition to technological advances, existing and new buildings could be retrofitted to increase air circulation and ventilation. Well designed buildings and office spaces could reduce the risk of infections transmissible by air droplets. This is probably a more practical solution than purchasing individual UV light scrubbers to disinfect the air within each room within a building. The reality is that COVID-19 will not be the last global pandemic that the United States endures. Therefore it is in the state's interest to build structures that promote better ventilation to dilute the infectious particles within poorly ventilated indoor spaces (especially at buildings with essential services).

Other strategies to reduce air conditioning costs include planting more shade trees near the structure to filter the sun's rays.

Thank you for taking the time to review this issue. I appreciate the opportunity to provide testimony in support of this bill.

Mahalo,

Caroline Kunitake

HB-550-HD-2

Submitted on: 2/24/2021 11:43:20 AM

Testimony for FIN on 2/25/2021 11:00:00 AM

LATE

Submitted By	Organization	Testifier Position	Present at Hearing
Janet Pappas	Individual	Support	No

Comments:

Dear Chair Luke, Vice Chair Cullen, and Finance Committee members,

I strongly support HB550 HD1.

Ensuring that all State buildings are energy efficient will encourage the public to become energy efficient as well. The goals in this bill to reduce electricity usage in State facilities by 25% (do we have a timeline for this 25% goal?) and require new buildings to meet certain energy efficiency standards are admirable, but we should do even better if possible. Why? Because energy efficiency saves taxpayers money: retro-fitting older buildings to be energy efficient saves us the cost of a new building. Energy efficiency is the most cost-effective way to reduce emissions and results in cleaner air and a healthier planet.

Please support this bill (HB550 HD1). Thank you for the opportunity to testify.

Sincerely,

Jan Pappas

Aiea, Hawaii