

TESTIMONY OF
JAMES P. GRIFFIN, Ph.D.
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

TO THE
HOUSE COMMITTEE ON
ENERGY & ENVIRONMENTAL PROTECTION

February 2, 2021
8:30 a.m.

Chair Lowen and Members of the Committee:

MEASURE: H.B. No. 555

TITLE: RELATING TO CONSUMER PROTECTION.

DESCRIPTION: Requires retailers of household appliances to conspicuously display available energy efficiency rebates funded by the public benefits fee and state-specific energy operation costs. Requires the public benefits fee administrator to create and update the template to be used by retailers. Requires the Hawaii state energy office and administrator to give notice to retailers.

POSITION:

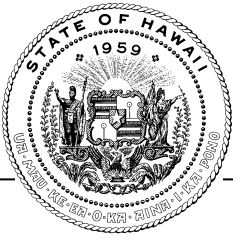
The Public Utilities Commission (“Commission”) offers the following comments for consideration.

COMMENTS:

The Commission supports efforts to promote the use of energy efficient appliances in the state. Requiring retailers to conspicuously display signage or text on household appliances would further the state’s ability to educate consumers about the benefits of energy efficiency, including reduced energy costs and available rebates.

The Commission is willing to work with the Public Benefits Fee Administrator (“Hawai’i Energy”) and other stakeholders to assist the Hawaii State Energy Office in carrying out this measure’s provisions.

Thank you for the opportunity to testify on this measure.



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DAVID Y. IGE
GOVERNOR

SCOTT J. GLENN
CHIEF ENERGY OFFICER

Testimony of
SCOTT J. GLENN, Chief Energy Officer
before the
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Tuesday, February 2, 2021
8:30 AM
State Capitol, Conference Room #325

Comments in consideration of
HB 0555
RELATING TO CONSUMER PROTECTION.

Chair Nicole Lowen, Vice Chair Lisa Marten, and Members of the Committee, the Hawaii State Energy Office (HSEO) offers comments on HB 0555, which would require retailers of household appliances to conspicuously display signage on energy-using household appliances to inform consumers of available efficiency rebates and Hawaii-specific energy costs of operation.

HB 0555 assigns the HSEO, in collaboration with the public benefits fee administrator (PBFA) to notify all retailers subject to the requirements. This responsibility for HSEO is consistent with its mission “to promote energy efficiency, renewable energy, and clean transportation to help achieve a resilient clean energy economy” (Section 196-71(a), Hawaii Revised Statutes (HRS)). It is also consistent with the Chief Energy Officer’s duties to:

- (3) 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; and
- (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 (Section 196-72(d), HRS).

The HSEO, in collaboration with the PBFA, would “notify all affected retailers of the requirements of this section. The HSEO, in discussion with the PBFA, suggests that the word

“all” be reconsidered, as it may adversely affect smaller retail establishments. The PBFA and the HSEO have discussed that the HSEO consider posting information on HSEO’s website as well as providing a draft notification letter that the PBFA will distribute to its extensive list of retail establishments.

Supplying information about available rebates and energy costs would enable consumers to make wise choices by choosing products yielding long-term savings as opposed to choosing solely on lowest first cost. According to the Appliance Standards Awareness Project, the purchase of high-efficiency air conditioning, refrigeration, cooking, clothes washing and drying, and dishwashing appliances greatly benefits consumers.

Thank you for the opportunity to testify.



HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

February 2, 2021, 8:30 A.M.

Video Conference

TESTIMONY IN SUPPORT OF HB 555

Aloha Chair Lowen, Vice Chair Marten, and members of the Committee:

Blue Planet Foundation **supports HB 555**, which requires retailers of certain household appliances to display available energy efficiency rebates and state-specific energy operation costs on the showroom floor.

Hawai'i businesses and residents pay the highest electricity rates in the nation, which exacerbates our already high cost of living and increases monthly financial burdens. House Bill 555 will help consumers make informed decisions based on more accurate cost information than is currently available at the point of sale. By displaying information about rebates available as well as Hawai'i-specific operating costs, consumers are better equipped to choose the model that most makes sense for their economic situation and preferences.

Since 1980, the Federal Trade Commission has administered the (bright yellow) EnergyGuide labeling program aimed at assisting consumers in understanding how much energy a given appliance uses and the ongoing energy costs associated with operating the appliance. The EnergyGuide labels, however, do not reflect the realities of our energy costs in Hawai'i. The bright yellow labels that are currently displayed report only very coarse information based on **national average energy prices** and national average usage of the appliance.

House Bill 555 wisely requires that retailers provide Hawai'i-specific labels to present a more accurate picture of how much an appliance will cost a household in Hawai'i to operate. The **current labeling based on national averages is misleading for Hawai'i consumers** given that electricity rates in Hawai'i are nearly triple the national average.

Blue Planet also supports the requirement that retailers display information about available rebates for household appliances. Without clear signage, a prospective purchaser may not be aware of an available rebate that could substantially lower the overall cost of the appliance. Without this information, consumers may unknowingly select an appliance model that will end up costing more upfront, or that will increase their monthly utility bill because that are selecting an energy-inefficient model.

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Hawai'i's consumers deserve more accurate information about the costs and potential savings associated with the household appliances they wish to purchase. The display requirements in HB 555 will allow consumers to see more accurate information about ongoing energy costs and incentives for selecting a more energy-efficient model.

Energy efficiency is often overlooked in our conversations about transitioning to a 100% clean energy economy. Efficiency, however, is still the cheapest and easiest form of clean energy. By making the most of our power and choosing energy-efficient options wherever we plug in, we'll need fewer fossil fuels on the path to 100% clean energy.

Requiring accurate appliance labeling is one of 50 actions featured in Blue Planet's *Waypoints* (waypointshawaii.org) report, which outlines actionable programs and policies to rebuild from the pandemic through an equity, climate, and resilience lens. With nearly half of Hawai'i families living paycheck to paycheck *even before* the pandemic, reverting back to business as usual isn't enough. We need new approaches that protect families by ensuring access to accurate information and affordable monthly energy bills.

We respectfully request that the Committee forward HB 555.

Thank you for the opportunity to provide testimony.



Before the House Committee on Energy & Environmental Protection
Tuesday, February 2, 2021, 8:30am

Testimony in Support of HB555: Relating to Consumer Protection

Chair Lowen, Vice-Chair Marten, and Members of the Committee:

Thank you for the opportunity to testify in **support** with comments on House Bill 555.

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.

As the Public Benefits Fee Administrator, Hawai'i Energy has worked with retailers in Honolulu, Maui and Hawai'i counties to display our rebate offerings and understands the significant role that signage with clear information plays in helping consumers make their purchasing decisions. We also recognize the challenges retailers face at the operations and customer-service levels.

Now more than ever, our families need help with managing and lowering their utility bills during these challenging times. According to Hawaiian Electric's statement to the *Honolulu Star-Advertiser*, the pandemic has led to 4% of residential customers falling behind by 90 or more days¹. This legislation will allow residents to make informed decisions on how much the appliance will cost them each month to help manage their increasing energy costs.

Hawai'i Energy is working closely with the Hawai'i State Energy Office to plan for this program. To best implement the proposed labels, Hawai'i Energy feels there needs to be a simplified process that provides important information to consumers without creating a hardship on retailers, and proposes the following clarification to the bill:

- When a new appliance enters the market, it is often difficult for that information to be passed along to Hawai'i Energy without creating an additional burden on retailers. The best approach would be for the new appliances to receive labels in the next available round of updates, as opposed to at the time of entry.
- While Hawai'i Energy currently works with major retailers, we may not know all businesses that carry appliances. To reach the most retailers as possible, we recommend following the communications plan that Hawai'i Energy and the Hawai'i State Energy Office have collaborated on to inform retailers of the current Appliance Standards law that went into effect at the beginning of 2021. This includes a letter to retailers and information posted on Hawai'i State Energy Office's website - <https://energy.hawaii.gov/appliance-standards>. Therefore, the language we recommend is that "(e) The Hawaii state energy office, in collaboration with the public benefits fee administrator, shall make

¹ "Suspension of Hawaii utility disconnections set to end of Dec. 31," *Honolulu Star-Advertiser*, December 17, 2020. <https://www.staradvertiser.com/2020/12/17/breaking-news/hawaiian-electric-nonpayment-suspensions-to-end-dec-31/>

information available to all retailers subject to this section of the requirements established by this section.”

Hawai'i Energy is committed to making energy efficiency more accessible to Hawai'i's residents and working with all parties to achieve a greater penetration of energy-efficient appliances in the market.

Thank you for the opportunity to provide comments on HB555.

Sincerely,
Brian Kealoha
Executive Director
Hawai'i Energy

LATE

HB-555

Submitted on: 2/1/2021 3:21:01 PM

Testimony for EEP on 2/2/2021 8:30:00 AM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|--------------|------------------------------|--------------------|--------------------|
| Ted Bohlen | Climate Protectors Coalition | Support | No |

Comments:

To: The House Committee on Energy and Environmental Protection (EEP)

From: Climate Protectors Coalition (by Ted Bohlen)

Hearing Date: Tuesday, February 2, 2021, 8:30 am

In support of HB555

Aloha Chair Lowen, Vice Chair Marten, and Energy and Environmental Protection Committee members:

The Climate Protectors Coalition **supports HB555.**

The Climate Protectors Coalition is a group inspired by the Mauna Kea Protectors but 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 at least carbon neutral as soon as possible. The planet faces an existential climate crisis and we must act now! Scientists have made clear that we are part of the last generation that can stop or at least mitigate the devastating impacts of climate change. 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.

HB555's requirement for retailers to conspicuously display information about available rebates and Hawaii-specific costs of operations for household appliances would serve consumers in at least four ways:

1. Encouraging consumers to reduce power usage, thereby mitigating climate change;
2. Providing consumers information to enable them to make informed decisions in buying appliances;

3. Saving consumers substantial funds over time if they buy more efficient appliances;
and

4. Moving the market toward more efficient appliances, bringing down the costs of such appliances in the future.

This bill makes sense for consumers and for reducing energy use and associated greenhouse gas emissions. Please pass it!

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

Climate Protectors Coalition (by Ted Bohlen)



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February 2, 2021

Representative Nicole E. Lowen
Chair
Committee on Energy & Environmental
Protection
Hawaii State Capitol, Room 425

Representative Lisa Marten
Vice Chair
Committee on Energy & Environmental
Protection
Hawaii State Capitol, Room 311

Re: HB 555, relating to consumer protection -- OPPOSE

Dear Chair Lowen and Vice-Chair Marten:

The Association for Home Appliance Manufacturers appreciates the opportunity to provide testimony on HB 555, relating to displaying available energy efficiency rebates for all retailers of household appliances. **The Association of Home Appliance Manufacturers (AHAM) is opposed to HB 555.** While the measure requires all retailers of home appliances to display available energy efficiency rebates and state-specific energy operation costs, this measure would impact the products that manufacturers sell to retailers.

AHAM represents manufacturers of major, portable and floor care home appliances, and suppliers to the industry. AHAM's membership includes over 150 companies throughout the world. In the U.S., AHAM members employ tens of thousands of people and produce more than 95% of the household appliances shipped for sale. The factory shipment value of these products is more than \$30 billion annually. The home appliance industry, through its products and innovation, is essential to improving a person's lifestyle and health, and saving people time. Through its technology, employees, and productivity, the industry contributes significantly to U.S. jobs and economic security. Home appliances also are a success story in terms of energy efficiency and environmental protection. New appliances often represent the most effective choice a consumer can make to reduce home energy use and costs.

The measure would be duplicating the information already required by the Federal Trade Commission. Federal rules already mandate the display of the EnergyGuide yellow label on certain new appliances, which display the estimated energy use, appliance's key features, ENERGY STAR logo, and cost data to help consumers' comparison shop for energy-efficient appliances. This duplicative labeling requirement would be unnecessarily costly, confusing for consumers and increasingly distracting from important information such as safety.

AHAM appreciates the opportunity to comment on Hawaii House bill 555 and would be glad to further discuss these matters. For future reference, my contact information is (202) 202.872.5955 x327 or via electronic mail at jcassady@aham.org.

Respectfully submitted,

Jacob Cassady
Director, Government Affairs



LATE

TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
February 2, 2021
Re: HB 555 Relating to Consumer Protection

Good morning Chair Lowen and members of the House Committee on Environmental Protection. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii was founded in 1901, RMH is a statewide, not for profit trade organization committed to the growth and development of the retail industry in Hawaii. Our membership includes small mom & pop stores, large box stores, resellers, luxury retail, department stores, shopping malls, local, national, and international retailers, chains and everyone in between.

The Retail Merchants of Hawaii **STRONGLY OPPOSES** HB 555 Relating to Consumer Protection. This measure requires retailers of household appliances to conspicuously display available energy efficiency rebates funded by the public benefits fee and state-specific energy operation costs; requires the public benefits fee administrator to create and update the template to be used by retailers; and requires the Hawaii state energy office and administrator to give notice to retailers.

This measure would include thousands of different products from hundreds of different manufactures as well as put additional financial burden on retailers, especially on the small local appliance vendors who are already struggling to survive.

We feel that this measure would be duplicating the information already provided by the FTC. Federal rules already mandate the display of the Federal Trade Commission (FTC) yellow labeling on new appliances displaying the estimated energy use and cost data to help consumers make informed purchases. The FTC label also shows the appliance's key features (with similar models determining the cost comparison range) as well as an ENERGY STAR logo (if the appliance is ENERGY STAR certified). **It is our understanding that the Hawaii Energy already lists the rebates on their website and the State Energy Office should maintain a campaign to encourage the public to seek the rebates on that website.**

Household appliances goes beyond dishwashers, air conditioners, refrigerators and washing machines. It also includes light bulbs, ceiling fans, freezers, televisions, water heaters, room air conditioners, central air conditioners, and pool heaters to name a few. With the internet and online shopping, many consumers research the appliance before coming into a brick and mortar store and are well versed in the energy cost savings as well as the rebates that are offered.

We question who would determine the Hawaii specific energy costs for operations considering that there are thousands of different products from hundreds of different manufactures. If retailers must figure out the energy efficiency numbers, the numbers would most likely not be consistent at the various locations. Energy Efficiency calculations are best done by the manufacturer. If a 3rd party (not the manufacturer) does the calculations and they are wrong- will the retailers be liable? **What happens if the retailer does not have the local energy efficiency numbers or signage when the new appliances models arrive at the stores? Will retailers not be able to sell the appliances until the do receive the information and energy numbers? Then we are putting Hawaii's local retailers at a disadvantage as the consumer will turn to online sites outside of Hawaii to purchase their items.**

Currently the manufacturers are the ones that provide and apply the Energy Guide labels to the appliances to ensure that the correct label is on the correct model with the correct information. Hawaii's market is too small to have the manufacturers have a Hawaii specific label.

Retailers just sells the appliances. If retailers had to apply the signage on all the appliance there is great potential for human error as well as a cost to have someone add this to their duties or having to hire someone to do this. Many retailers are operating on a lean labor force since the pandemic started. Many appliances appear to be identical, but their model numbers/product code may be off by one number or letter.

We also question the template that will be used to display the energy efficiency and energy cost as well as the rebates

offered. In the past, it was suggested that the signage with at least **1/2 inch font** as well as maintain a listing of all the different energy rebates for a variety of household appliances available. Retailers have a limited amount of space to display the appliances, let along pricing and information for each individual appliance. Retailers are already short staffed and to keep the listing of energy rebates current would be burdensome.

Signage would also be costly for the retailers if they had to do the printing themselves. While it would be easy for a state energy office inform retailers about this law in a letter, it would be quite different and tedious task for the retailers to have to continuously maintain the various rebates options that are available. There is also a cost for some retailers to print the signage to be in line with corporate standards - it's not just done on a computer on regular copy paper.

While the Federal Government may update the labels every five years, new products and models are constantly being introduced and the local energy savings must be calculated for these appliances. The calculation of local energy savings on new appliances would be continuously ongoing.

We would like to propose that the local energy efficiency cost savings for appliances be placed on the state energy website. The State Energy Office should maintain a campaign to encourage the public to seek the rebates on their website. 81% of customers do research online prior to purchasing instore. When they come into a brick and mortar, they are already well versed on the products they are seeking. Others are looking up the products online as they are in the store.

Mahalo again for this opportunity to testify.