WRITTEN TESTIMONY OF
THE DEPARTMENT OF THE ATTORNEY GENERAL
KA ʻOIHANA O KA LOIO KUHINA
THIRTY-THIRD LEGISLATURE, 2026

ON THE FOLLOWING MEASURE:
S.B. NO. 3254, S.D. 1, RELATING TO THE STATE BUDGET.

BEFORE THE:
SENATE COMMITTEE ON WAYS AND MEANS

DATE: Wednesday, February 25, 2026 **TIME:** 10:57 a.m.

LOCATION: State Capitol, Room 211

TESTIFIER(S): **WRITTEN TESTIMONY ONLY.**
(For more information, contact Ian Robertson,
Deputy Attorney General, at (808) 586-0618)

Chair Dela Cruz and Members of the Committee:

The Department of the Attorney General (Department) provides the following comments.

The purpose of this bill is to appropriate money to be used as a grant pursuant to chapter 42F, Hawaii Revised Statutes, to the Hawaii Primary Care Association (HPCA) for the development and deployment of solar-plus-storage microgrids at nonprofit community health centers in medically underserved communities and for HPCA to provide programmatic services.

The phrase "project specified by this Act" on page 4, line 12, may be ambiguous in the context of this bill and lead to confusion. To avoid this issue and provide clarity, we respectfully suggest changing this phrase to the following: "the development and deployment of solar-plus-storage microgrids at nonprofit community health centers located in medically underserved communities across the State".

The Department respectfully asks the Committee to consider our comments. Thank you for the opportunity to testify.

WAIMĀNALO
HEALTH CENTER

Testimony to the Senate Committee on Ways and Means
Wednesday, February 25, 2026, 10:57 AM
State Capitol, Conference Room 211
Via Videoconference

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

Aloha and mahalo for the opportunity to provide testimony in **support of SB 3254 SD1**, Relating to the State Budget, which would appropriate funds to be expended by the Department of Health as a grant for the Hawaii Primary Care Association to support solar-plus-storage microgrid implementation at community health centers in medically underserved communities, and provide programmatic, project management, contract management, reporting and fiscal stewardship responsibilities, and developing future scalable plans for the project specified in this Act.

Waimānalo Health Center (WHC) is one of those health centers that would tremendously benefit from these resources. WHC is a federally qualified health center, serving the Ko'olaupoko community since 1992, with comprehensive health services. Serving 6,451 patients through 32,469 visits in 2025, WHC provided primary care, behavioral health, vision, dental, pharmacy, health promotion disease prevention, Native Hawaiian healing, transportation, care management, WIC, mobile medicine, school health, and youth mentoring services. WHC serves 53% Native Hawaiian/Pacific Islanders, 54% Medicaid, 8% uninsured, and 52% at 100% and below the Federal Poverty Level.

WHC has been working with Collective Energy to plan for the installation of solar panels at two sites in Waimānalo. Currently paying about $30,000/month for electricity for both sites, this project will reduce our annual electricity costs by 28% at one site, and 45% at our second site, with a combined average annual energy savings of $200,000. Thereby, reducing operating costs and directing more dollars back to core health services. Currently relying on diesel generators during power outages, the solar installation will strengthen energy reliance, reduce operational disruptions, and above all, help us to remain available/open to the public during grid failures to ensure continuity of care for patients.

With support through the Federal Rebates, Hawaii State Incentive, and funding received from Direct Relief, Collective Energy has calculated WHC's request from State GIA to be a total of $463,754 (for both sites). We respectfully urge the committee to pass SB 3254 SD1 to support solar-plus-storage microgrid implementation.

Thank you for your support, consideration and the opportunity to offer testimony. Should you have any questions, please do not hesitate to contact me.

Sincerely,

Mary Frances Oneha, APRN, PhD, FAAN
Chief Executive Officer
(808)954-7107
moneha@waimanalohealth.org

To: The Senate Committee on Ways and Means (WAM)
From: Sherry Pollack, Co-Founder, 350Hawaii.org
Date: Wednesday, February 25, 2026, 10:57am

In strong support of SB3254 SD1

Aloha Chair Dela Cruz, Vice Chair Moriwaki, and WAM Committee members;

I am Co-Founder of the Hawai'i chapter of 350.org, the largest international organization dedicated to fighting climate change. 350Hawaii.org is in **strong support** of this measure that appropriates funds to be expended by the Department of Health, as a grant for the Hawai'i Primary Care Association to support solar-plus-storage microgrid implementation at community health centers in medically underserved communities.

Community Health Centers are invaluable resources, especially in remote, rural areas where access to an alternative, like a hospital, can mean traveling very long distances. These facilities are a critical part of the healthcare safety net, serving low-income, uninsured, and underserved populations. It is essential that these centers be able to remain open and operational through a power outage.

Implementing solar+storage systems builds energy resilience in Community Health Centers, allowing them to improve access to reliable health care in low-income, rural communities. Clean, resilient solar+storage systems ensure energy reliability for critical medical equipment, refrigeration of insulin and vaccines, and continuity of care during grid outages and natural disasters. This ensures continuity of care for patients most in need. Moreover, these systems allow health centers to reduce operating costs --directing more dollars back to core health services, while also decreasing harmful carbon pollution.

With Hawai'i's frequent power outages, maintaining uninterrupted care is critical. Let's ensure essential healthcare services continue even when the grid goes down.

We urge you to **PASS SB3254 SD1.**

Thank you for the opportunity to testify on this very important bill.
Sherry Pollack
Co-Founder, 350Hawaii.org

HPCA
HAWAI'I PRIMARY CARE ASSOCIATION

Testimony to the Senate Committee on Ways and Means
Wednesday, February 25, 2026; 10:57 a.m.
State Capitol, Conference Room 211
Via Videoconference

RE: SENATE BILL NO. 3254, SENATE DRAFT 1, RELATING TO THE STATE BUDGET.

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

The Hawaii Primary Care Association (HPCA) is a 501(c)(3) organization established to advocate for, expand access to, and sustain high quality care through the statewide network of Community Health Centers throughout the State of Hawaii. The HPCA **SUPPORTS** Senate Bill No. 3254, Senate Draft 1, RELATING TO THE STATE BUDGET.

By way of background, the HPCA represents Hawaii's Federally Qualified Health Centers (FQHCs). FQHCs provide desperately needed medical services at the frontlines to over 150,000 patients each year who live in rural and underserved communities. Long considered champions for creating a more sustainable, integrated, and wellness-oriented system of health, FQHCs provide a more efficient, more effective and more comprehensive system of healthcare.

This bill, as received by your Committee, would appropriate:

(1) $2,500,000 in general funds for fiscal year 2026-2027, to be expended by the Department of Health (DOH) as a grant-in-aid (GIA) pursuant to Chapter 42F, Hawaii Revised Statutes (HRS), to support the development and deployment of solar-plus-storage microgrids at nonprofit community health centers located in medically underserved communities across the State; and

(2) $196,000 in general funds for fiscal year 2026-2027, to be expended by DOH as a GIA to provide programmatic, project management, contract management, reporting and fiscal stewardship responsibilities, and developing future scalable plans for the project.

The bill would take effect on January 30, 2050.

I. The Project

The HPCA, in partnership with Collective Energy, a mission-driven social benefit company specializing in clean energy and resilience solutions for community health centers, seeks to establish and deploy solar and storage microgrids at nonprofit community health centers across the State. These systems will strengthen energy reliance, reduce operational disruptions, and ensure that essential health services remain available to the public during grid failures.

FQHCs serve as frontline hubs for health, safety, and recovery during emergencies. We are trusted, community-based sites that provide services, dispense medications, offer safe gathering points, and protect vulnerable populations when other infrastructure is compromised.

Hawaii's geographic isolation, heavy reliance on imported fossil fuels, and exposure to hurricanes, wildfires, tsunamis, and extreme weather events significantly heighten the risks of prolonged power disruptions. The implementation of public safety power shutoffs by Hawaiian Electric in July 2024 further underscores the urgent need for reliable, decentralized, and clean energy sources for public-serving facilities.

Traditional diesel generators -- used by many FQHCs today -- are expensive to operate, require frequent maintenance, rely on fragile fuel supply chains, and contribute to harmful emissions. The proposed project directly addresses these challenges by enabling resilient, sustainable, and cost-effective energy infrastructure that ensures that FQHCs can continue providing essential public services before, during, and after emergencies.

The project seeks a total of $2.5 million in Capital Improvement Project (CIP) GIA, and $196,000 in a separate Operational GIA. The CIP GIA funding, leveraged with federal and State solar and energy storage incentives, will enable the development of up to nine solar plus storage microgrid systems, totaling approximately $6.2 million in capital improvement. The Operational GIA funding represents programmatic, project management, contract management, reporting and fiscal stewardship responsibilities, as well as developing future scalability plans.

If approved, this project will:

- Save participating FQHCs an estimated $16 million in electricity costs over twenty-five years, allowing them to repurpose scarce funds into patient care, delivery, staffing, and essential community health services;

- Add battery energy storage to increase resiliency during outages and reduce service disruptions, materially improving project return on investment by avoiding an estimated $11.9 million in power-outage losses across all sites over the system life;
- Ensure continuity of critical health center services during disasters and grid outages;
- Advance energy equity for medically underserved, low-income, and rural communities;
- Enable FQHCs to function as community resilience hubs;
- Support local workforce development and clean energy development by collaborating with Hawaii-based partners; and
- Establish a replicable and scalable model for future cohorts.

II. The Need

This project is vital for the financial stability of participating FQHCs. The enactment of the One Big Beautiful Bill Act has fundamentally changed our Medicaid system. We anticipate that in the worst-case scenario, Hawaii's uninsured population will at least double within the next three years. Most of the new uninsured will be former Medicaid enrollees who will lose their coverage.

FQHCs are required by law to provide services to all patients regardless of their ability to pay. For the uninsured, federal law prescribes a sliding fee schedule we can charge based on patient income. Most of the time, the amount received does not cover the cost of the services provided.

When there is no insurance reimbursement, the FQHC must rely on their operational funds to offset the losses. Under the worst-case scenario, if availability and level of services are kept at what we provide today, FQHCs will have less than three months of resources before we'd have to shut down.

This project will allow funds that would pay for electricity to go to patient services. This will provide the participating FQHCs with greater flexibility to meet the demands of their patients. Since most of these patients are Medicaid enrollees situated in the most geographically isolated communities throughout the State, support for this bill directly boosters our social safety net.

For these reasons, we urge your favorable consideration of this measure.

For your information and files, attached please find the transmittal receipt confirming submission of HPCA's CIP and Operational GIA applications to the Legislature on January 23, 2026, in accordance with Chapter 42F, HRS,

Thank you for the opportunity to testify. Should you have any questions, please do not hesitate to contact Public Affairs and Policy Director Erik K. Abe at 536-8442, or eabe@hawaiipca.net.

attachment

GRANT-IN-AID (GIA) REQUEST FORM

Form submitted successfully.

Previous Submissions

Type	Organization	Amount	Description	Submitted	Edit
Capital	Hawai'i Primary Care Association	$2,523,000.00	The Local Energy Initiative (LEI) – Health Centers project request for Capital Grant-in-Aid seeks to strengthen disaster resilience and protect essential healthcare services by supporting the purchase and installation of solar-plus-storage microgrids at nine nonprofit community health center sites across Oʻahu, Molokaʻi, Maui, and Hawaiʻi Island. Hawai'i Primary Care Association (HPCA), in partnership with Collective Energy aims to provide these health centers serving medically underserved urban, rural, and remote communities energy protections for essential operational during power outages, natural disasters, and Public Safety Power Shutoffs. The proposed microgrids will provide reliable backup power, reduce dependence on fragile fossil fuel supply chains, and stabilize long term energy costs, ensuring continuity of care during emergencies. This initiative protects critical public health infrastructure, advances energy equity, and establishes community health centers as resilient hubs capable of serving Hawaiʻi's most vulnerable populations during times of crisis. These funds support the purchase and installation of the equipment of the solar-plus-storage microgrids.	1/23/2026 12:00 AM	Edit
Operating	Hawai'i Primary Care Association	$196,000.00	The Local Energy Initiative (LEI) – Health Centers project request for Operational Grant in Aid seeks to strengthen disaster resilience and protect essential healthcare services by providing programmatic oversight of the deployment of solar-plus-storage microgrids at nine nonprofit community health center sites across Oʻahu, Molokaʻi, Maui, and Hawaiʻi Island. Hawai'i Primary Care Association (HPCA), in partnership with Collective Energy aims to provide these health centers serving medically underserved urban, rural, and remote communities energy protections for essential operational during power outages, natural disasters, and Public Safety Power Shutoffs. The proposed microgrids will provide reliable backup power, reduce dependence on fragile fossil fuel supply chains, and stabilize long term energy costs, ensuring continuity of care during emergencies. This initiative protects critical public health infrastructure, advances energy equity, and establishes community health centers as resilient hubs capable of serving Hawaiʻi's most vulnerable populations during times of crisis. These funds also support building on the success and scaling of the LEI-Health Centers project to other community health centers in Hawaiʻi.	1/23/2026 12:00 AM	Edit

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Testimony to the Senate Committee on Ways and Means

Friday, February 25, 2026; 10:57 a.m.

State Capitol, Conference Room 211

RE: SENATE BILL NO. 3254, RELATING TO THE STATE BUDGET.

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

Hana Health strongly **SUPPORTS** Senate Bill No. 3254, RELATING TO THE STATE BUDGET. The requested public investment to help fund a solar + battery storage resilience project for the Hana Health site is important to maintaining continuity of care in our isolated community. Hana Health is a Federally Qualified Health Center (FQHC) serving the remote, rural district of Hana and is the only health care provider in the district. Hana Health currently provides primary medical, dental and behavioral health and support services to the people of Hana. Unlike most primary care clinics in the State and country, Hana Health coordinates activities with American Medical Response and Maui Memorial Medical Center in the provision of urgent/emergency medical services prior to transport to the hospital on the other side of the island. This takes place seven days a week, 24 hours a day. Reliable, resilient power is essential for maintaining continuity of care in our isolated community.

The Hana Health project is part of the Local Energy Initiative (LEI) Project — a partnership between Hawai‘i Primary Care Association (HPCA) and Collective Energy - to deliver solar + battery storage for Hawai‘i’s community health centers. The initiative is designed to bolster energy reliability during grid outages and natural disasters, ensure continuity of care for patients most in need, and reduce operating costs so more dollars can be directed back to core health services.

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Hāna Health's portion of the requested funds is $337,764 for a combined solar + battery storage resilience investment of $886,071. The project is structured to leverage federal rebates (30%), a Hawai'i State incentive (24.5%), and early-stage philanthropic support from Direct Relief that helps cover required upfront expenditures.

Annual electric costs are expected to decline by about one third, or $32,000 with an estimated savings in energy costs of $784,804 over 25-years.

Hāna Health respectfully asks the Committee to support the requested public investment to complete our solar + battery storage project. This investment will strengthen our ability to keep facilities running during outages and reduce electricity costs—supporting continuity of care and protecting access to health services for our community.

Thank you for the opportunity to provide testimony.

Cheryl Vasconcellos

Executive Director

Hana Health

Email: cvasconcellos@hanahealth.org

Phone: 808-866-5796

SB-3254-SD-1
Submitted on: 2/24/2026 12:07:43 AM
Testimony for WAM on 2/25/2026 10:57:00 AM

Submitted By	Organization	Testifier Position	Testify
Johnnie-Mae L. Perry	Individual	Support	Written Testimony Only

Comments:

I, Johnnie-Mae L. Perry, Support

3254 SB RELATING TO THE STATE BUDGET.

TO INCLUDE NURSING FACILITIES

JOSH GREEN, M.D.
GOVERNOR | KE KIAʻĀINA

SYLVIA LUKE
LIEUTENANT GOVERNOR | KA HOPE KIAʻĀINA

STATE OF HAWAIʻI | KA MOKUʻĀINA ʻO HAWAIʻI
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CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Testimony of
LEAH LARAMEE
Climate Change Coordinator on behalf of
Climate Change Mitigation and Adaptation Commission
Co-Chair Ryan K. P. Kanakaʻole

Before the Senate Committee on
WAYS AND MEANS

Wednesday, February 25, 2026
10:57 AM
State Capitol, Conference Room 211

In consideration of
SENATE BILL 3254, SENATE DRAFT 1
RELATING TO THE STATE BUDGET

Senate Bill 3254, Senate Draft 1 proposes to appropriate funds to be expended by the Department of Health as a grant for the Hawaiʻi Primary Care Association to support solar-plus-storage microgrid implementation at community health centers in medically underserved communities. **The Hawaiʻi Climate Change Mitigation and Adaptation Commission (Commission) Supports this measure.**

The Commission consists of a multi-jurisdictional effort between 20 departments, committees, and counties with the purpose of promoting ambitious, climate-neutral, culturally responsive strategies for climate change adaptation and mitigation.

The 2025 Hawaiʻi Climate Action Pathways (CAP) recommended establishing a resilience grant program in collaboration with state and county offices to support programs that build community resilience to climate hazards, threats, risks and impacts including microgrids. The CAP also states, “Energy infrastructure mitigation measures such as vegetation management, pole hardening, undergrounding, and microgrids that benefit disadvantaged communities, and protect community lifelines, and have a high likelihood of implementation are increasingly needed as wildfire risk increases.” The actions proposed in this bill support resilient community health centers.

Mahalo for the opportunity to comment on this measure.

Senate Committee on Ways and Means
Wednesday, February 25, 2026 – 10:57 a.m.
State Capitol, Conference Room 211
Re: SB 3254 – SD1, Relating to the State Budget

Chair Dela Cruz, Vice Chair Moriwaki, and Members of the Committee:

My name is Cindy Kan. I am the Director of Programs + Strategic Partnerships, Hawai'i with Collective Energy, serving as the technical project implementation partner for the Hawai'i Primary Care Association (HPCA) on the proposed solar-powered microgrids initiative referenced in SB 3254, SD1.

I respectfully provide technical and financial context to assist the Committee in its fiscal evaluation of this measure.

Federal Leverage and Timing

SB 3254, SD1 represents a time-sensitive opportunity to leverage federal incentives and private funds already committed to support solar-powered microgrids for nonprofit community health centers located in medically underserved communities throughout Hawai'i.

Participating health centers have secured private philanthropic funding to safe harbor these projects and preserve eligibility for the federal 30% Direct Pay incentive under the Inflation Reduction Act.

If projects do not proceed within the allowable federal timeline, that **30% federal incentive for these projects will be permanently lost**.

The appropriation proposed in SD1 — $2.5 million for capital improvement and $196,000 for operational coordination — function as gap-closing capital to enable implementation and ensure Hawai'i captures available federal dollars before expiration.

From a financing perspective, the structure includes:

- Federal Direct Pay incentive: 30% of eligible project costs
- Private philanthropic funds: already committed
- State appropriation to close the remaining financing gap

Without timely state participation, the participating health centers risk forfeiting federal eligibility, the benefit of private philanthropic funds already committed, and associated long-term cost reductions.

Operational Cost Impact

The financial impact is measurable. These solar-powered microgrids will significantly reduce electricity expenses, allowing the nonprofit health centers to redirect operating dollars toward patient care, staffing, and essential services.

The combined annual electricity cost across the nine sites is approximately $683,000, with projected average annual savings of approximately $640,000.

Across all sites identified in the bill — Hilo, Keaʻau, Kaʻū, Hana, Molokaʻi, Waimānalo, and Wahiawā — projected electricity savings total approximately $16 million over 25 years.

Annual Electricity Cost & Estimated Average Annual Savings by Site

Health Center Site	Current Annual Electricity Cost	Average Annual Cost Savings (w/ Solar + Storage)*
Hawaiʻi Island Community Health Center – Hilo	$89,000	**$109,000**
HICHC – Kaʻū Family Health & Dental	$30,000	**$37,000**
HICHC – Keaʻau Family Health & Dental	$51,000	**$63,000**
Hana Health (Main Clinic + Hale Kuʻola)	$70,000	**$31,000**
Molokaʻi Community Health Center	$92,000	**$87,000**
Waimānalo Health Center – ʻAkahi	$67,000	**$39,000**
Waimānalo Health Center – ʻAlua	$198,000	**$161,000**
Wahiawā Center for Community Health	$86,000	**$113,000**
TOTAL	$683,000	**$640,000**

**Average annual savings reflect projected average annual electricity cost reductions over a 25-year system life, based on modeled system production and current utility rate assumptions. Actual savings may vary on future rates and system performance.*

Operational Grant Component (SD1)

The operational appropriation included in SD1 supports centralized program management, contract oversight, compliance reporting, and fiscal stewardship across five independent nonprofit

entities. Centralized coordination reduces implementation risk, supports accountability, and preserves economies of scale across the portfolio.

Risk Mitigation and Service Continuity

Battery storage further strengthens resilience by supporting continuity of operations during grid failures and Public Safety Power Shutoffs, maintaining refrigeration for essential medications, electronic medical records, and clinical services. These systems also often provide community-level support during regional outages, extreme weather events, and disasters.

I offer this information to assist the Committee in its fiscal and implementation evaluation of SB 3254, SD1.

Mahalo for the opportunity to provide technical input. Should you have any questions, please do not hesitate to contact me at 808-724-6010, or ckan@collectiveenergyco.com.

Cindy Kan
Director of Programs + Strategic Partnerships Hawai‘i

Collective Energy (Technical Implementation Partner)