



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
**SENATE COMMITTEES ON
ECONOMIC DEVELOPMENT, TOURISM, AND TECHNOLOGY
AND
TRANSPORTATION AND ENERGY**
Friday, March 17, 2017
2:00 p.m.
State Capitol, Conference Room 414

In consideration of
HB1249, HD3
RELATING TO ENERGY EFFICIENCY.

Chairs Wakai and Inouye, Vice Chairs Taniguchi and Dela Cruz, and Members of the Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) opposes HB1249, HD3. It is an unfunded mandate which requires that DBEDT convene a working group to develop strategies and methods to maximize energy efficiency in residential dwellings, report to the State Building Code Council and the Legislature, and develop energy disclosure standards for new home sales.

We do not have the resources to staff a working group, nor do we have the expertise to conduct research and analyses required to support the working group. Many of the concerns identified in this bill already are addressed by the statutorily established State Building Code Council (SBCC) so that HD3 would replicate much of the work under the SBCC. The SBCC operates under Chapter 92 and is open to the public and accepts comments and recommendations. The SBCC also is composed of representatives such as design professionals, private sector businesses and associations, state and county agency representatives, and county building code

officials. Building code updates under the SBCC require technical review and discussion before each code is updated. In addition, the SBCC provides annual reports to the legislature.

The concerns noted in the bill, as well as additional measures, have been discussed by the SBCC which has approved the updated 2015 International Energy Conservation Code (IECC 2015). The IECC 2015 addresses residential and commercial buildings and is 30 to 33 percent more efficient than the 2006 International Energy Conservation Code now in effect. The US Department of Energy's Pacific Northwest National Laboratory estimates the cost-effectiveness of the 2015 IECC residential code provisions to have a simple payback of 4.3 years.

Thank you for the opportunity to testify.

TESTIMONY OF RANDY IWASE
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII
TO THE
SENATE COMMITTEES ON
TRANSPORTATION AND ENERGY
&
ECONOMIC DEVELOPMENT, TOURISM, AND TECHNOLOGY

March 17, 2017
2:00 p.m.

MEASURE: H.B. No. 1249, H.D. 3
TITLE: Relating to Energy Efficiency

Chair Inouye, Chair Wakai, and Members of the Committees:

DESCRIPTION:

This measure requires the Department of Business, Economic Development, and Tourism (“DBEDT”) to convene a working group to develop strategies and methods to maximize the energy efficiency of residential dwellings in the State, while also requiring the working group to make recommendations on building and energy codes and standards intended to ensure that new single-family residential construction maximizes cost-effective energy efficiency opportunities, and to present these recommendations to the legislature and the State Building Code Council. The measure names members of the working group, including the chairperson of the Public Utilities Commission (“Commission”).

POSITION:

The Commission opposes this measure as written and offers the following comments for the Committee’s consideration.

COMMENTS:

The Public Utilities Commission is a regulatory body that is required to act in a quasi-judicial capacity. The possibility exists that in the future the Commission may have to render decisions in matters relating to energy efficiency and energy consumption standards. Accordingly, the Commission feels that it would be inappropriate for its

chairperson to be a member of a working group on issues that may eventually be material in a docket before Commission. The Commission recommends that this requirement be stricken from this bill or that the public benefits fee administrator, as established pursuant to HRS 269-122, be named instead.

Thank you for the opportunity to testify on this measure.



COLLEGE OF SOCIAL SCIENCES

HAWAII ENERGY POLICY FORUM

UNIVERSITY OF HAWAI'I AT MĀNOA

Hawaii Energy Policy Forum

Jeanne Schultz Afuvai, Hawaii Inst. for Public Affairs
Hajime Alabanza, Hawaii Solar Energy Association
John Antonio, US Dept of Agriculture
Karlie Asato, Hawaii Government Employees Assn
David Bissell, Kauai Island Utility Cooperative
Joseph Boivin, Hawaii Gas
Warren Bollmeier, Hawaii Renewable Energy Alliance
Michael Brittain, IBEW, Local Union 1260
Albert Chee, Chevron
Elizabeth Cole, The Kohala Center
Kyle Datta, Ulupono Initiative
Mitch Ewan, UH Hawaii Natural Energy Institute
Jay Fidell, ThinkTech Hawaii
Carl Freedman, Haiku Design & Analysis
Matthias Fripp, REIS at University of Hawaii
Ford Fuchigami, Hawaii Dept of Transportation
Justin Gruenstein, City & County of Honolulu
Dale Hahn, Ofc of US Senator Brian Schatz
Michael Hamnett, SSRI at University of Hawaii
Senator Lorraine Inouye, Hawaii State Legislature
Randy Iwase, Public Utilities Commission
Brian Kealoha, Hawaii Energy
Darren Kimura, Energy Industries
Kelly King, Sustainable Biodiesel Alliance
Kal Kobayashi, Maui County Energy Office
Representative Chris Lee, Hawaii State Legislature
Gladys Marrone, Building Industry Assn of Hawaii
Stephen Meder, UH Facilities and Planning
Joshua Michaels, Ofc of US Rep. Colleen Hanabusa
Sharon Moriwaki, UH Public Policy Center
Ron Nelson, US Pacific Command Energy Office
Jeffrey Ono, Division of Consumer Advocacy, DCCA
Stan Osserman, HCATT
Darren Pai, Hawaiian Electric Companies
Melissa Pavlicek, Hawaii Public Policy Advocates
Randy Pereira, Hawaii Government Employees Assn
Fredrick Redell, Maui County Energy Office
Rick Rocheleau, UH Hawaii Natural Energy Institute
Will Rolston, Hawaii County, Research & Development
Peter Rosegg, Hawaiian Electric Companies
Riley Saito, SunPower Systems
Scott Sen, Hawaiian Electric Companies
Joelle Simonpietri, UH Applied Research Lab
Ben Sullivan, Kauai County
Terry Surles, Hawaii State Energy Office, DBEDT
Lance Tanaka, Par Hawaii, Inc.
Maria Tome, Public Utilities Commission
Kirsten Turner, Ofc of US Representative Tulsi Gabbard
Alan Yamamoto, Ofc of US Senator Mazie Hirono

Testimony of Ray Starling
Chair, Energy Efficiency Working Group
Hawaii Energy Policy Forum

To the
Senate Committee On Economic Development, Tourism, and Technology
and
Senate Committee On Transportation And Energy

March 17, 2017 at 2:00 am in Conference Room 414

COMMENTS ON HB1249 HD3, Relating to Energy Efficiency

Chair Lorraine R Inouye, Chair Glenn Wakai, and Members of the Committees,

I am Ray Starling, Chair of the Energy Efficiency Working Group of the Hawaii Energy Policy Forum (Forum). The Forum, created in 2002, is comprised of over 40 representatives from Hawaii's electric utilities, oil and natural gas suppliers, environmental and community groups, renewable energy industry, and federal, state and local government, including representatives from the neighbor islands. Our vision and mission, and comprehensive "10 Point Action Plan" serves as a guide to move Hawaii toward its preferred energy goals and our support for this bill.

HB1249 HD3 requires the Department of Business, Economic Development, and Tourism to convene a working group to develop standards for reporting energy consumption to facilitate comparisons of energy consumption and costs by consumers and homebuyers.

The Forum has discussed HB 1249 HD3 and is in full support of the bill's ultimate objective to maximize energy efficiency in residential new construction. As stated in the bill, energy efficiency costs a mere fraction of the cost of energy purchased from the electric grid. However, the Forum is unable to reach a full consensus for or against the bill as currently proposed, so it offers the following comments to help the Committee in its deliberations:

Energy efficiency is the most cost-effective energy resource available in the state, costing a fraction of electricity that is generated, either through renewables or fossil fuels. The creation of a working group to develop strategies and methods to maximize the energy efficiency of residential dwellings in Hawai'i is in alignment with both the 100% clean energy goal for the state and meeting the Energy Efficiency Portfolio Standard that is part of statute.



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Terry Surles, Hawaii State Energy Office, DBEDT
Lance Tanaka, Par Hawaii, Inc.
Maria Tome, Public Utilities Commission
Kirsten Turner, Ofc of US Representative Tulsi Gabbard
Alan Yamamoto, Ofc of US Senator Mazie Hirono

Additionally, the State Building Code Council (SBCC) may be a more appropriate agency to convene the working group as the SBCC ultimately establishes relevant energy codes and standards with broad representation from the State, Counties, and industry.

Thank you for the opportunity to testify.

This testimony reflects the position of the Forum as a whole and not necessarily of the individual Forum members or their companies



Before the Senate Committee on Economic Development, Tourism and Technology & the Senate Committee on Transportation and Energy
Friday, March 17, 2017, 2:00 P.M., Room 414
HB 1249 HD3: Relating to Energy Efficiency

Chair Wakai, Chair Inouye, Vice-Chair Taniguchi, Vice-Chair Cruz, and members of the committees, thank you for the opportunity to submit testimony on HB 1249 HD3. The Hawai'i Energy program would like to testify in strong **support** for HB 1249 HD3. Energy efficiency is the most cost-effective energy resource available in the state, costing a fraction of electricity that is generated, either through renewables or fossil fuels.

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. In collaboration with the Hawai'i State Energy Office, Hawai'i Energy has strongly supported the State Building Code Council's (SBCC) proposal to amend the state's energy conservation code by: (i) repealing the 2006 International Energy Conservation Code (IECC), Hawai'i Administrative Rules (H.A.R.) Chapter 3-181; and (ii) adopting H.A.R. Chapter 3-181.1, based on the IECC 2015 Edition published by the International Codes Council, with amendments applicable to Hawai'i. We see this bill as an extension of our continued support in improving energy codes.

One sector of our society that uses a lot of energy is buildings – refrigeration, cooling, and lighting the places where we all live and work. Reducing wasteful energy use needs to be prioritized, which HB 1249 HD3 does by maximizing the investment in cost-effective energy efficiency measures and removes the split incentive that often exists between builder/developer and the owner who ultimately must pay the electricity bill.

Hawai'i Energy would also like to offer the following modifications to the bill:

Instead of directing DBEDT to convene the working group, one suggestion would be to have the SBCC convene this group. The State Building Code Council may be a more appropriate to convene the working group as the SBCC ultimately establishes relevant energy codes and standards with broad representation from the State, Counties, and industry. The SBCC is comprised of representatives of the Counties, DBEDT, DLIR, the Building Industry Association, the Subcontractor's Association, the Structural Engineers Association, the American Institute of Architects, the State Fire Council, and the Comptroller.

Secondly, the terminology of "net zero energy capable design" and other references to net zero can be confusing and send the wrong message that the requirements would include the installation of renewable energy generation and/or energy storage, which is not the intent of this bill. The U.S. Department of Energy uses this terminology and is a trend that is occurring nationally, however much of the testimony against prior drafts of this bill has shown either confusion or opposition to this terminology rather than the intent of the bill. The committee may want to consider removing all references of net zero language to gain broader support.

Lastly, we recommend the addition of the Public Benefits Fee Administrator and the utilities as part of the working group. Thank you for the opportunity to testify on HB 1249 HD3.

**Testimony before the Senate Economic Development, Tourism, and Technology
Committee and the Senate Transportation and Energy Committee**

**By Michael Colón
Director, New Customer Initiatives
Hawaiian Electric Company, Inc.**

House Bill 1249 HD 3 – Relating to Energy Efficiency

**Friday, March 17, 2017 at 2:00 pm
Conference Room 414**

Chairs Wakai and Inouye, Vice Chairs Taniguchi and Dela Cruz and Members of the Committees:

My name is Michael Colón and I am testifying on behalf of Hawaiian Electric Company and its subsidiary utilities, Maui Electric Company and Hawaii Electric Light Company (collectively, the “Hawaiian Electric Companies”).

House Bill 1249 HD 3 seeks to have the Department of Business, Economic Development, and Tourism to convene a working group to develop standards for reporting energy consumption to facilitate comparisons of energy consumption and costs by consumers and home buyers.

As stated in its prior testimony, the Hawaiian Electric Companies see value in establishing a stakeholder group to develop recommendations to improve residential energy efficiency measures. **The Companies however, recommend that all references to the term “net zero” be removed in the bill.** The Companies contend that the notion of mandating zero energy consumption in building design is problematic for many reasons, such as increased costs to homeowners, difficulty in determining energy usage, and problems in achieving sufficient generation at the site to eliminate energy demand. These issues exacerbate utility planning efforts and may undermine the Public Utilities Commission’s open dockets on energy planning, efficiency, and distributed generation.

Aside from this concern in the bill, the Companies reiterate their desire to participate as a member of the working group to provide input and expertise on energy consumption and delivery issues. The recommendations that come from the working group would serve

as a strong underpinning to future legislative proposals to improve building code standards.

The Companies are encouraged by an increased interest and effort to improve energy efficiency through various means, and see value in the potential grid benefits that may result from leveraging technologies to not only reduce costs for all customers, but also to provide ancillary grid services through various pricing and incentive mechanisms as they become available. The Public Utilities Commission has several open dockets to help the Companies face the unique challenge of integrating increasing levels of distributed generation on isolated electric systems, and aggregated energy efficiency measures that can support demand response signals from the utility may help to address certain grid stability issues and enable greater adoption of renewables onto the grid. Therefore it is incumbent that the Companies maintain an active role in the development of such standards as they move forward.

The Hawaiian Electric companies are committed to generate or procure 100% of the electricity they provide to customers from renewable energy sources by 2045. The more we can work in sync with our stakeholders, the greater our chance of succeeding as a whole.

Thank you for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
Sent: Thursday, March 16, 2017 1:30 AM
To: ETT Testimony
Cc: gfarstrup@msn.com
Subject: *Submitted testimony for HB1249 on Mar 17, 2017 14:00PM*

HB1249

Submitted on: 3/16/2017

Testimony for ETT/TRE on Mar 17, 2017 14:00PM in Conference Room 414

Submitted By	Organization	Testifier Position	Present at Hearing
Greg and Pat Farstrup	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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