

---

---

# A BILL FOR AN ACT

RELATING TO ENERGY.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The legislature finds that Hawaii leads the  
2 nation in the creation of pioneering models of energy and  
3 infrastructure financing to save money for taxpayers. In 2013,  
4 the legislature established the green energy market  
5 securitization program, which uses private investment dollars to  
6 pay for the upfront costs of energy infrastructure retrofits for  
7 both public and private purposes, which is paid back using the  
8 savings realized from the reduction in energy costs generated by  
9 the new energy-efficient infrastructure while also producing an  
10 additional net savings to the end user.

11           The legislature further finds that by combining private  
12 investment capital in pioneering energy financing programs, such  
13 as the green energy market securitization program, with long-  
14 term commitments to reduce energy use in public facilities,  
15 aggregate energy savings can be used over time to pay for sorely  
16 needed public facility upgrades at a fraction of their usual



1 cost to taxpayers and can save significant amounts of money  
2 annually by eliminating costly electric bills.

3 The University of Hawaii at Manoa alone has a \$34,900,000  
4 annual electric bill. Together with the rest of the University  
5 of Hawaii system, the energy expenses for university facilities  
6 exceed \$40,000,000 per year. These rising costs are borne by  
7 taxpayers and tuition-paying students.

8 Furthermore, the legislature finds that the University of  
9 Hawaii system has many crumbling facilities and a deferred  
10 maintenance backlog that is estimated to cost hundreds of  
11 millions of dollars to clear and that is currently unable to be  
12 reduced in the near future given current limitations on the  
13 availability of state funding.

14 The legislature finds that energy efficiency and generation  
15 projects save money. However, the financial aggregation of  
16 energy efficiency and deferred maintenance projects can together  
17 save even more money and allow the State both to reduce energy  
18 costs and address the backlog of deferred maintenance.

19 The purpose of this Act is to establish a long-term goal  
20 for reducing energy consumption and energy bills to zero,  
21 aggregate energy efficiency and deferred maintenance projects to



1 save capital improvement funding, upgrade the infrastructure of  
2 the University of Hawaii system, and use the energy savings to  
3 retrofit additional infrastructure and provide student  
4 scholarships.

5 SECTION 2. Chapter 304A, Hawaii Revised Statutes, is  
6 amended by adding a new section to be appropriately designated  
7 and to read as follows:

8 "§304A-A Energy use; net-zero goal. (a) The University  
9 of Hawaii shall establish a collective goal of becoming net-zero  
10 with respect to energy use, producing as much energy as the  
11 system consumes across all campuses, by January 1, 2035.

12 (b) The University of Hawaii shall establish a benchmark  
13 for the amount and value of energy consumed during the 2014-2015  
14 fiscal year, against which it shall measure its progress toward  
15 the goal set forth in subsection (a)."

16 SECTION 3. Chapter 304A, Hawaii Revised Statutes, is  
17 amended by adding a new section to part V to be appropriately  
18 designated and to read as follows:

19 "§304A-B University of Hawaii net-zero special fund. (a)  
20 There is established the University of Hawaii net-zero special  
21 fund, into which shall be deposited:



- 1        (1) Appropriations from the legislature;  
2        (2) Moneys from the University of Hawaii, pursuant to  
3        subsection (c); and  
4        (3) Moneys from other sources.  
5        (b) The special fund:  
6        (1) Shall be used for capital improvement projects that  
7        advance the goal set forth in section 304A-A; and  
8        (2) May be used in conjunction with:  
9        (A) The green energy market securitization program of  
10       the state energy office of the department of  
11       business, economic development, and tourism; or  
12       (B) Comparably lower-priced financing mechanisms to  
13       pay for facility upgrades that advance the goal  
14       set forth in section 304A-A and meet the  
15       requirements of subsection (c).  
16       (c) For each capital improvement project funded through  
17       the special fund, the University of Hawaii shall annually  
18       deposit into the special fund the current value of the energy  
19       saved by the project during the preceding fiscal year, as  
20       measured against the current value of the energy consumed during  
21       the fiscal year prior to the execution of the project, excluding



1 any debt service costs for the project, until the debt service  
2 costs for the project have been paid in full; provided that:

3 (1) Fifty per cent of all moneys deposited into the  
4 special fund pursuant to this subsection shall be used  
5 annually to provide scholarships to students with the  
6 greatest demonstrated financial need; and

7 (2) Fifty per cent of all moneys deposited into the  
8 special fund pursuant to this subsection may be used  
9 for new projects that meet the criteria under  
10 subsection (b).

11 (d) The University of Hawaii shall submit a report to the  
12 legislature by November 30 of each year that includes the  
13 following information:

14 (1) The balance, deposits, and expenditures in the special  
15 fund;

16 (2) The detailed status of each capital improvement  
17 project funded through the special fund, if the  
18 project is not yet complete;

19 (3) The energy savings and costs for each project funded  
20 through the special fund to date; and



1        (4) Recommendations for the next phase of projects to be  
2                    funded through the special fund.

3        (e) As used in this section, "special fund" means the  
4                    University of Hawaii net-zero special fund."

5            SECTION 4. There is appropriated out of the general  
6 revenues of the State of Hawaii the sum of \$45,500,000 or so  
7 much thereof as may be necessary for fiscal year 2015-2016 and  
8 the same sum or so much thereof as may be necessary for fiscal  
9 year 2016-2017 into the University of Hawaii net-zero special  
10 fund.

11           SECTION 5. There is appropriated out of the University of  
12 Hawaii net-zero special fund the sum of \$45,500,000 or so much  
13 thereof as may be necessary for fiscal year 2015-2016 for the  
14 following purposes:

15           (1) University of Hawaii at Manoa:

16                (A) \$30,000,000 for plans, design, construction, and  
17                        equipment for the retrofit of Kuykendall hall;  
18                        provided that \$10,000,000 of this sum shall be  
19                        funded through the green energy market  
20                        securitization program of the state energy office  
21                        of the department of business, economic



1 development, and tourism or a comparably lower-  
2 priced financing mechanism; and

3 (B) \$6,000,000 for plans, design, construction, and  
4 equipment for the retrofit of Klum gym, with new  
5 athletics-support functions; provided that  
6 \$2,000,000 of this sum shall be funded through  
7 the green energy market securitization program of  
8 the state energy office of the department of  
9 business, economic development, and tourism or a  
10 comparably lower-priced financing mechanism.

11 (2) University of Hawaii at Hilo:

12 (A) \$6,000,000 for plans, design, construction, and  
13 equipment for the retrofit of the learning  
14 resources center and central plant; provided that  
15 \$2,000,000 of this sum shall be funded through  
16 the green energy market securitization program of  
17 the state energy office of the department of  
18 business, economic development, and tourism or a  
19 comparably lower-priced financing mechanism; and

20 (B) \$3,500,000 for plans, design, construction, and  
21 equipment for the retrofit of the university



1 classroom building; provided that \$1,000,000 of  
2 this sum shall be funded through the green energy  
3 market securitization program of the state energy  
4 office of the department of business, economic  
5 development, and tourism or a comparably lower-  
6 priced financing mechanism.

7 The sums appropriated shall be expended by the University  
8 of Hawaii for the purposes of this Act.

9 SECTION 6. There is appropriated out of the general  
10 revenues of the State of Hawaii the sum of \$150,000 or so much  
11 thereof as may be necessary for fiscal year 2015-2016 and the  
12 same sum or so much thereof as may be necessary for fiscal year  
13 2016-2017 to fund two positions within the University of Hawaii  
14 system to provide the necessary financial, technical, and other  
15 support to advance the goal set forth in section 304A-A, Hawaii  
16 Revised Statutes.

17 The sums appropriated shall be expended by the University  
18 of Hawaii for the purposes of this Act.

19 SECTION 7. In codifying the new sections added by sections  
20 2 and 3 of this Act, the revisor of statutes shall substitute



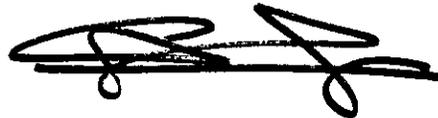
1 appropriate section numbers for the letters used in designating  
2 the new sections in this Act.

3 SECTION 8. New statutory material is underscored.

4 SECTION 9. This Act shall take effect on July 1, 2015.

5

INTRODUCED BY:



JAN 29 2015



# H.B. NO. 1509

**Report Title:**

University of Hawaii; Energy

**Description:**

Requires UH to establish collective goal of becoming net-zero with respect to energy use by January 1, 2035. Establishes the University of Hawaii Net-zero Special Fund. Appropriates funds for capital improvement projects and for staff.

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

