
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 taxpayers paid
2 \$34,900,000 last year for the University of Hawaii's annual
3 electric bill. Together with the rest of the University of
4 Hawaii system, the energy expenses for university facilities
5 exceed \$40,000,000 per year. The rising cost of energy has
6 resulted in increasing costs and repeated tuition increases for
7 students.

8 The legislature also finds that the University of Hawaii
9 system has many crumbling buildings and a deferred maintenance
10 backlog nearing \$1,000,000,000, which has left many facilities
11 long out-of-date and, in some cases, unusable.

12 The legislature finds that Hawaii leads the nation in the
13 creation of pioneering models of energy and infrastructure
14 financing to save taxpayers money. In 2013, the legislature
15 established the green energy market securitization program,
16 which uses private investment dollars to pay for the upfront
17 costs of energy infrastructure retrofits for both public and



1 private purposes, which is paid back using the savings realized
2 from the reduction in energy costs generated by the new energy-
3 efficient infrastructure while also producing an additional net
4 savings to the end user.

5 By using energy-savings financing mechanisms such as the
6 green energy market securitization fund to pay for a large
7 portion of any renewable energy project, the university can
8 reduce its electrical consumption at a fraction of the cost to
9 taxpayers. Furthermore, the use of energy-savings financing
10 mechanisms such as the green energy market securitization fund
11 to pay for the renewable energy portion of any deferred
12 maintenance project can help the university reduce its deferred
13 maintenance backlog and lower its electrical consumption at a
14 fraction of the cost to taxpayers.

15 The purpose of this Act is to maximize taxpayer savings by
16 establishing long-term commitments to reduce energy use at the
17 University of Hawaii and by appropriating funds through a
18 special fund that incentivizes the use of energy-savings
19 financing mechanisms to complete renewable energy and deferred
20 maintenance projects at a fraction of the cost to taxpayers.



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

4 "§304A-A Energy use; net-zero goal. (a) The University
5 of Hawaii shall establish a collective goal of becoming net-zero
6 with respect to energy use, producing as much energy as the
7 system consumes across all campuses, by January 1, 2035.

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

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

15 "§304A-B University of Hawaii net-zero special fund. (a)
16 There is established the University of Hawaii net-zero special
17 fund, into which shall be deposited:

- 18 (1) Appropriations from the legislature;
- 19 (2) Moneys from the University of Hawaii, pursuant to
20 subsection (c);
- 21 (3) Moneys from other sources.



1 (b) The special fund shall be used:
2 (1) For renewable energy and efficiency capital
3 improvement projects that advance the net-zero energy
4 goal set forth in section 304A-A(a); and
5 (2) For deferred maintenance capital improvement projects
6 with a renewable energy or efficiency component that
7 advances the net-zero goal set forth in section 304A-
8 A(a); and
9 (3) In conjunction with financing that meets the
10 requirements of subsection (c), whose debt service
11 shall not exceed energy savings as approved through:
12 (A) The green energy market securitization program of
13 the state energy office of the department of
14 business, economic development, and tourism; or
15 (B) Comparably-priced energy-savings financing
16 mechanisms to pay for facility upgrades that
17 advance the goal set forth in section 304A-A(a).
18 (c) For each capital improvement project funded through
19 the special fund, the University of Hawaii shall annually
20 deposit into the special fund the current value of the energy
21 saved or offset by the project during the preceding fiscal year,



1 excluding any debt service costs for the project, until the debt
2 service costs for the project have been paid in full.

3 (d) The University of Hawaii shall submit an annual report
4 to the legislature by November 30 of each year that includes the
5 following information:

6 (1) The total debt service in the prior fiscal year for
7 capital improvement projects funded through the
8 special fund;

9 (2) The current value of the energy saved in the prior
10 fiscal year through capital improvement projects with
11 outstanding debt service funded through the special
12 fund;

13 (3) The status of each capital improvement project funded
14 through the special fund, if the project is not yet
15 complete;

16 (4) Recommendations for the next phase of capital
17 improvement projects to be funded through the special
18 fund; and

19 (5) Overall progress toward the net-zero goal set forth in
20 section 304A-A(a).



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

3 SECTION 4. The director of finance is authorized to issue
4 general obligation bonds in the sum of \$ or so much
5 thereof as may be necessary and the same sum or so much thereof
6 as may be necessary is appropriated for fiscal year 2015-2016
7 for the purpose of capital improvement projects to be funded
8 through the University of Hawaii net-zero special fund.

9 SECTION 5. The appropriation made for the capital
10 improvement project authorized by this Act shall not lapse at
11 the end of the fiscal biennium for which the appropriation is
12 made; provided that all moneys from the appropriation
13 unencumbered as of June 30, 2018, shall lapse as of that date.

14 SECTION 6. There is appropriated out of the general
15 revenues of the State of Hawaii the sum of \$ or so much
16 thereof as may be necessary for fiscal year 2015-2016 and the
17 same sum or so much thereof as may be necessary for fiscal year
18 2016-2017 into the University of Hawaii net-zero special fund.

19 SECTION 7. There is appropriated out of the University of
20 Hawaii net-zero special fund the sum of \$ or so much



1 thereof as may be necessary for fiscal year 2015-2016 for the
2 following purposes:

3 (1) University of Hawaii at Manoa:

4 (A) \$ for plans, design, construction, and
5 equipment for the retrofit of Kuykendall hall;
6 provided that \$ of this sum shall be
7 funded through the green energy market
8 securitization program of the state energy office
9 of the department of business, economic
10 development, and tourism or a comparably lower-
11 priced financing mechanism; and

12 (B) \$ for plans, design, construction, and
13 equipment for the retrofit of Klum gym, with new
14 athletics-support functions; provided that
15 \$ of this sum shall be funded through the
16 green energy market securitization program of the
17 state energy office of the department of
18 business, economic development, and tourism or a
19 comparably lower-priced financing mechanism.

20 (2) University of Hawaii at Hilo:



1 (A) \$ for plans, design, construction, and
 2 equipment for the retrofit of the learning
 3 resources center and central plant; provided that
 4 \$ of this sum shall be funded through the
 5 green energy market securitization program of the
 6 state energy office of the department of
 7 business, economic development, and tourism or a
 8 comparably lower-priced financing mechanism; and

9 (B) \$ for plans, design, construction, and
 10 equipment for the retrofit of the university
 11 classroom building; provided that \$ of
 12 this sum shall be funded through the green energy
 13 market securitization program of the state energy
 14 office of the department of business, economic
 15 development, and tourism or a comparably lower-
 16 priced financing mechanism.

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

19 SECTION 8. There is appropriated out of the general
 20 revenues of the State of Hawaii the sum of \$ or so much
 21 thereof as may be necessary for fiscal year 2015-2016 and the



1 same sum or so much thereof as may be necessary for fiscal year
2 2016-2017 to fund two positions within the University of Hawaii
3 system to provide the necessary financial, technical, and other
4 support to advance the goal set forth in section 304A-A, Hawaii
5 Revised Statutes.

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

8 SECTION 9. In codifying the new sections added by sections
9 2 and 3 of this Act, the revisor of statutes shall substitute
10 appropriate section numbers for the letters used in designating
11 the new sections in this Act.

12 SECTION 10. New statutory material is underscored.

13 SECTION 11. This Act shall take effect on July 1, 2015.



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. (HB1509 HD1)

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

