
A BILL FOR AN ACT

RELATING TO ENERGY EFFICIENCY.

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

1 SECTION 1. Energy efficiency is historically the lowest-
2 cost new energy resource in Hawaii. In its most recent program
3 year, the State's energy efficiency program, administered by the
4 public utilities commission, invested \$36,000,000 to enable
5 \$435,000,000 in lifetime energy savings. Energy efficiency thus
6 costs a mere fraction of the cost of energy purchased from the
7 electric grid. The legislature therefore finds that it is in
8 the strong interest of the State's economy and environment to
9 advance energy efficiency in the State.

10 Net zero energy capable design in new single family
11 residential construction means that the home has effectively
12 maximized its energy efficiency, such that it becomes more cost-
13 effective to generate on-site renewable energy rather than to
14 further increase the efficiency of the home.

15 There currently exists a split incentive that creates a
16 barrier to energy efficiency in new homes, to the detriment of
17 consumers. Residential developers often seek to minimize their



1 expenditures in the development of new homes. However, by
2 missing energy efficiency opportunities in those new homes,
3 developers shift the increased costs to consumers, in the form
4 of unnecessarily high energy costs during the lifetime of the
5 home.

6 In one example of addressing this split incentive issue,
7 California has targeted zero net energy standards for all new
8 residential buildings by 2020 and all new commercial structures
9 (and fifty per cent of existing commercial structures) by 2030.
10 California has also confirmed that implementing zero net energy
11 home building codes and standards is cost-effective. A 2012
12 analysis completed for Pacific Gas & Electric found that adding
13 energy efficiency upgrades to create a net zero energy code-
14 compliant new home will cost approximately \$2 to \$8 per square
15 foot. This is approximately 0.4 per cent to 1.7 per cent of the
16 present median cost per square foot of homes on the market in
17 Hawaii. As explained above, the cost-effectiveness of energy
18 efficiency in Hawaii means that this small initial cost can be
19 recouped many times over by the consumers in the form of lower
20 energy costs. In the context of a thirty-year mortgage, energy
21 efficiency can mean immediate savings for consumers, as slightly



1 higher mortgage payments are immediately offset by lower energy
2 costs.

3 Hawaii's energy codes and standards can be used to protect
4 consumers from this split incentive problem and to maximize
5 cost-effective energy efficiency in new homes. The purpose of
6 this Act is to require:

- 7 (1) The typical monthly operating costs of all new home
8 sales to be disclosed to potential buyers; and
- 9 (2) The department of business, economic development, and
10 tourism to convene a working group of concerned
11 citizens, affected businesses, and energy-related
12 industries to develop strategies and methods to
13 maximize the energy efficiency of residential
14 dwellings in Hawaii.

15 SECTION 2. Chapter 196, Hawaii Revised Statutes, is
16 amended by adding a new section to be appropriately designated
17 and to read as follows:

18 "§196- Energy; operating costs; new homes; disclosure.
19 The typical monthly operating costs in all new home sales shall
20 be disclosed to potential buyers using the standards established



1 by the department of business, economic development, and
2 tourism, pursuant to Act _____, Session Laws of Hawaii 2017."

3 SECTION 3. (a) The department of business, economic
4 development, and tourism shall convene a working group to
5 develop strategies and methods to maximize the energy efficiency
6 of residential dwellings in Hawaii. The working group shall:

- 7 (1) Be composed of concerned citizens and representatives
8 of affected businesses and energy-related industries;
- 9 (2) Develop standards for reporting energy consumption to
10 facilitate comparisons of energy consumption and costs
11 by consumers and home buyers;
- 12 (3) Make recommendations on the production of reports to
13 consumers and home buyers of the typical monthly cost
14 of energy consumption of new homes for sale; and
- 15 (4) Report to the legislature of the working groups
16 progress and findings twenty days before the convening
17 of the legislature in 2018.

18 (b) The working group shall be exempt from the
19 requirements of chapter 92.

20 (c) The working group shall terminate on July 1, 2018.



1 SECTION 4. New statutory material is underscored.

2 SECTION 5. This Act shall take effect on July 1, 2017.



Report Title:

Energy Efficiency; Working Group

Description:

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 home buyers. (HB1249 HD1)

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