

STAND. COM. REP. NO. 2218

Honolulu, Hawaii

FEB 12 2014

RE: S.B. No. 2804
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2014
State of Hawaii

Madam:

Your Committees on Energy and Environment and Economic Development, Government Operations and Housing, to which was referred S.B. No. 2804 entitled:

"A BILL FOR AN ACT RELATING TO ENERGY PERFORMANCE CONTRACTING FOR PUBLIC BUILDINGS,"

beg leave to report as follows:

The purpose and intent of this measure is to provide that:

- (1) Agencies entering into energy performance contracts receive sufficient budget appropriations and have access to financing options to sustain their energy performance contract projects and energy and maintenance costs;
- (2) An energy performance contract has a maximum term of twenty-five years, including the construction period; and
- (3) Agencies implementing performance contracts provide annual reports to the Department of Business, Economic Development, and Tourism.

Your Committees received testimony in support of this measure from the Department of Business, Economic Development, and Tourism and Department of Accounting and General Services.

Your Committees find that energy performance contracting offers significant opportunities for agencies to improve their

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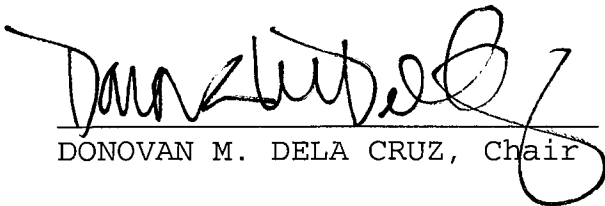
facilities and operations. Energy performance contracting is a method of paying for facility improvements using energy and operational savings through a contracting vehicle that provides an opportunity to install more efficient equipment, address deferred maintenance, use renewable energy technologies, and reduce operational costs. More importantly, state agencies have seen the value of using energy performance contracting to improve the energy efficiency of their facilities, thereby addressing deferred maintenance and achieving reduced facility life cycle operating costs.

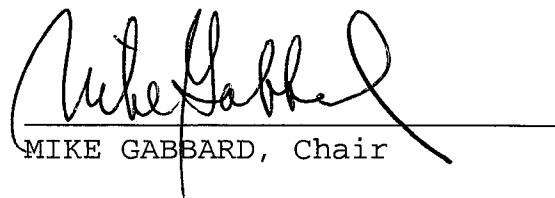
Your Committees have amended this measure by:

- (1) Amending language to define the term "annual cost savings", rather than "energy cost savings"; and
- (2) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the records of votes of the members of your Committees on Energy and Environment and Economic Development, Government Operations and Housing that are attached to this report, your Committees are in accord with the intent and purpose of S.B. No. 2804, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2804, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committees on Energy and
Environment and Economic
Development, Government
Operations and Housing,


DONOVAN M. DELA CRUZ, Chair


MIKE GABBARD, Chair



