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TO THE HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE

THE TWENTY-FIFTH LEGISLATURE  
REGULAR SESSION OF 2009

WEDNESDAY, FEBRUARY 18, 2009  
2:00 P.M.

TESTIMONY OF CATHERINE P. AWAKUNI, EXECUTIVE DIRECTOR, DIVISION OF  
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER  
AFFAIRS TO THE HONORABLE REPRESENTATIVE ROBERT HERKES, CHAIR,  
AND MEMBERS OF THE COMMITTEE

**HOUSE BILL NO. 0429, HOUSE DRAFT 1 – RELATING TO ENERGY EFFICIENCY.**

**DESCRIPTION:**

This measure directs the Hawaii Public Utilities Commission (“Commission”) to establish energy efficiency portfolio standards.

**POSITION:**

The Division of Consumer Advocacy (“Consumer Advocate”) supports the measure.

**COMMENTS:**

Hawaii has an abundance of renewable energy resources that can and should be used as alternatives to fossil fuels. Cost-effective energy efficiency savings are the “low hanging fruit” that should be sought by utilities and customers alike as a significant means of lessening the overall demand on electric utility systems.

House Draft 1 appears reasonable in its delegation to the Commission to establish not only the interim savings goals, but the discretion to adjust the 2030 target as well. Since the 2030 target of 4,300 gigawatt-hours represents the forecasted electrical load growth statewide between the years 2009 and 2030, additional

H.B. No. 0429, H.D. 1

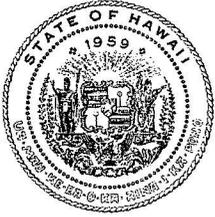
House Committee on Consumer Protection and Commerce

Wednesday, February 18, 2009, 2:00 P.M.

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information may be provided to the Commission at a later time warranting an adjustment of the targets.

Thank you for this opportunity to testify.



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of  
**THEODORE E. LIU**  
Director  
Department of Business, Economic Development, and Tourism  
before the  
**HOUSE COMMITTEE ON  
CONSUMER PROTECTION & COMMERCE**  
Wednesday, February 18, 2009  
2:00 p.m.  
State Capitol, Conference Room 325

in consideration of  
**HB429, HD1**  
**RELATING TO ENERGY EFFICIENCY.**

Chair Herkes, Vice Chair Wakai, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports the intent of HB429, HD1, which directs the Public Utilities Commission (PUC) to establish energy efficiency portfolio standards that will maximize cost-effective energy efficiency programs and technologies. HB429, HD1 requires that the energy efficiency portfolio standards be designed to achieve four thousand three hundred gigawatt hours of electricity use reductions statewide by 2030 and provides that the PUC establish interim goals for electricity use reduction. The PUC may adjust the 2030 standard by rule or order to maximize cost-effective energy programs and technologies. HB429, HD1 also directs the PUC to establish incentives and penalties based on performance.

Energy efficiency portfolio standards capture the benefits of energy efficiency as they increase the transparency and simplicity of administration achieving greater certainty of energy savings.

We recommend the following amendments to clarify the following:

1. The goal is to offset forecasted load growth in the electricity sector from 2009 to 2030, with the target of 4,300 gigawatt-hours of electricity savings by 2030.
2. The PUC may set island-by-island targets as well as interim targets.
3. The PUC shall require annual reports on energy efficiency savings achieved during the previous calendar year.

We recommend the following language for the Energy Efficiency Portfolio Standard:

The Hawaii Revised Statutes, is amended by adding a new section to be appropriately designated and to read as follows:

§ \_\_\_\_\_ Energy efficiency portfolio standard. The State shall set an energy efficiency portfolio standard with the goal of pursuing all cost-effective energy efficiency opportunities and off-setting forecasted electricity load growth to the maximum extent feasible.

The statewide target shall be 4,300 gigawatt-hours of electricity savings by 2030. Interim electricity savings targets, and any island by island targets, shall be established by the public utilities commission.

The public utilities commission shall establish all necessary parameters to implement the energy efficiency portfolio standards by rule or order and may include, but not be limited to, identifying the parties or sectors who are responsible for each element of the standard and establishing incentives and penalties as appropriate based on performance by each entity to the extent within the jurisdiction of the commission.

The public benefits fee administrator under part VII of chapter 269 will be primarily responsible for reaching this level of energy efficiency by instituting efficiency programs as provided under chapter 269. The administrator will submit annual reports to the public utilities commission by December 1 of each year, beginning in 2011, reporting energy efficiency savings achieved during the previous year. The public utilities commission shall monitor and evaluate progress against this standard.

The public utilities commission shall evaluate the energy efficiency portfolio standards every five years beginning in 2013, and may revise the standards, based on the best information available at the time, to determine if the energy efficiency portfolio standards established by this section remain achievable; and report its findings and revisions to the energy efficiency portfolio standards, based on its own studies and other information, to the legislature no later than twenty days before the convening of the regular session of 2014, and every five years thereafter.

**Thank you for the opportunity to offer these comments.**

**Testimony Before the House Committee  
On  
Consumer Protection & Commerce**

**February 18, 2009 (2:00 PM)**

**H.B. 429 HD1 RELATING TO ENERGY EFFICIENCY**

**By: Alan Hee  
Energy Services Department  
Hawaiian Electric Company, Inc.**

Chair Herkes, Vice Chair Wakai and Members of the Committee:

My name is Alan Hee, and I represent Hawaiian Electric Company (HECO) and its subsidiary utilities, Hawaii Electric Light Company (HELCO) and Maui Electric Company (MECO). I appreciate the opportunity to present testimony on H.B. 429 HD1.

HECO supports H.B. 429 HD1 and the development of an energy efficiency portfolio standard. It reflects the commitment of the state to energy efficiency and creates a yardstick against which we can measure our progress as a community towards energy independence.

HECO also supports giving the PUC the authority to adjust the 2030 standard to maximize cost-effective energy efficiency programs and technologies. It is the right agency to administer this standard because it has been involved in the utilities' integrated resource planning and demand-side management programs for over 13 years. The bill also provides the PUC the opportunity to review recommendations from the public benefits fund administrator, who will be administering the energy efficiency programs later this year, and gather input from other industry participants.

Therefore, while HECO questions the basis and the methodology used to determine the 4,300 GWH standard, HECO supports HB 429 HD1.

Thank you for the opportunity to testify on this measure.



# Sierra Club Hawai'i Chapter

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## HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE

February 18, 2009, 2:00 P.M.

*(Testimony is 2 page long)*

### TESTIMONY IN SUPPORT OF HB 429 HD1

Aloha Chair Herkes and Members of the Committee:

The Sierra Club, Hawai'i Chapter, with 5500 dues paying members statewide, *supports* HB 429 HD1, directing the Public Utilities Commission to establish energy efficiency portfolio standards. The Sierra Club appreciates the amendments made by the previous committee and believes this bill should be passed expeditiously.

Energy efficiency is considered the lowest hanging-fruit in the range of options necessary to reduce our energy costs and greenhouse gas emissions. There are a host of public policy considerations supporting this billing, including:

- **Energy Efficiency Is a Power Source.** Energy efficiency is a source of energy like coal, gas, or nuclear, except instead of drilling for it or blowing up mountaintops to get to it, we can tap into this clean energy source by using ingenuity to do more with the energy we generate: *we work smarter, not harder.*
- **Energy Efficiency Creates Jobs.** A recent 2009 report found that California's economy grew as a result of aggressive energy efficiency projects.<sup>1</sup> Cutting energy bills let California consumers and companies spend their cash on other things, and helped create 1.5 million jobs. Now imagine if Hawai'i had followed California's example? It's not too late to embark on job creation.
- **Energy Efficiency Reduces Our Carbon Footprint.** Buildings contribute to nearly half (43%) of all U.S. carbon emissions.<sup>2</sup> Improving their energy efficiency lowers energy bills, eliminates the need for new power plants,

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<sup>1</sup> See 2009 California Green Innovation Index, available at [www.next10.org](http://www.next10.org)

<sup>2</sup> The recent Hawai'i report entitled Greenhouse Gas Inventory Revised, 1990 & 2007, does not appear to have broken these figures out by this category.



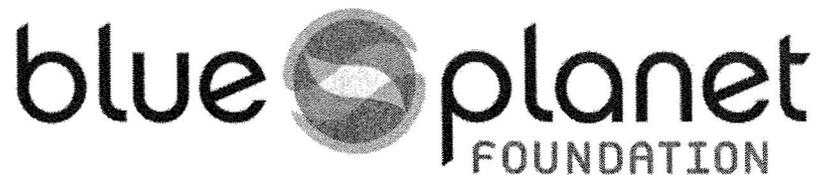
Robert D. Harris, Director

increases our energy independence, reduces air and water pollution and cuts the carbon emissions that cause global warming.

- **Even Small Efficiency Improvements Add Up.** If every household in the United States switched to Energy Star light fixtures, we could prevent 50 million tons of global warming pollution per year, the equivalent of taking 10 million cars off the road. In every home, office, and factory we can use energy more efficiently by putting to work currently available products like advanced lighting, better windows, more efficient heating and cooling systems, and new appliances that use far less energy than their older counterparts.

**This Is Not a Dream.** Other states have already followed this model and have observed tangible results. For example, California's aggressive efforts to improve the efficiency of things like air conditioners and refrigerators have helped hold its electric demand steady per capita for *three decades*. By contrast, electricity consumption has grown by 50 percent for the U.S. as a whole in that same time period.

Thank you for the opportunity to testify.



**HOUSE COMMITTEE ON CONSUMER PROTECTION & COMMERCE**

February 18, 2008, 2:00 P.M.

Room 325

**(Testimony is 2 pages long)**

**TESTIMONY IN SUPPORT OF HB 429 HD1**

Chair Herkes and members of the committee:

The Blue Planet Foundation supports House Bill 429 HD1, directing the public utilities commission (PUC) to establish energy efficiency portfolio standards. We greatly appreciate the amendments made by the previous committee on this measure to further refine the energy efficiency portfolio standards and their achievement.

Energy efficiency, unfortunately, is the "dark horse" of clean energy resources. Energy efficiency—efficient lights, appliances, electronics, behavior changes, and the like—is the largest, cheapest, safest, and fastest energy option that Hawai'i can implement. Consider:

- Energy efficiency is the fastest-growing U.S. "energy source" (growth of ~2.5 to 3.5% annually)
- National energy efficiency programs save energy at an average cost of about 3 cents/kWh -- *about 1/10 the average electricity cost in Hawaii*
- Leading states are saving over 1% additional of total electricity sales annually
- Energy efficiency provides major local economic benefits: energy efficiency is 100% obtained from investment in local homes and businesses
- Also the least visible, least understood, and most neglected

The energy efficiency portfolio standard established through HB 429 HD1 should complement a true renewable portfolio standard, should one be established through the other measure currently pending before this committee (HB 1843 HD1). We hope that the legislature forwards

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this proposal, IN CONJUNCTION with measures to establish a true renewable portfolio standard that would:

- Require renewable portfolio standard (RPS) targets be achieved only by electricity produced from renewable energy resources, and repeal the definition of energy efficiency gains as renewable resources for the purpose of the RPS.
- Eliminate “off-ramps” for failure to meet the standards.
- Establish penalties for utilities' non-attainment of RPS target.
- Increase the amount of renewable energy generated by Hawaii's utilities to achieve levels of 20% of net electricity sales by 2015, 30% by 2020, 40% by 2025, and 50% by 2030.

Setting an aggressive, clear energy efficiency standard and high renewable portfolio standard will mobilize the whole state to move towards our preferred energy future.

Thank you for the opportunity to testify.