



February 3, 2009

Representative Hermina Morita, Chair  
 Committee on Energy and Environmental Protection  
 Conference Room 325  
 State Capitol  
 415 South Beretania Street

Representative Morita:

Subject: **House Bills No. HB 429, HB 430, HB 432, HB 433 and HB 436**  
**Relating to Energy Efficiency**

My name is Dean Uchida, Vice President of the Hawaii Developers' Council (HDC). We represent over 200 members and associates in development-related industries. The mission of Hawaii Developers' Council (HDC) is to educate developers and the public regarding land, construction and development issues through public forums, seminars and publications.

It is also the goal of HDC to promote high ethics and community responsibility in real estate development and related trades and professions.

The HDC is concerned on the approach proposed in each of the bills to that are intended to make the State of Hawaii more energy efficient.

The following is a list that attempts to summarize what is being proposed in each of the five (5) bills being heard.

Energy Efficiency Bills	HB 429	HB 430	HB 432	HB 433	HB 436
Proposal:	Directs the public utilities commission to establish energy efficiency portfolio standards.	Public benefits fee administrator conduct an energy efficiency assessment of energy use patterns in the State	Expands the pay as you save pilot program to include photovoltaic energy systems and refrigerator exchanges	Directs the public benefits fee administrator to develop and implement a program to encourage residential retail electricity customers to replace inefficient household appliances with ENERGY STAR appliances	Directs the public utilities commission to establish a consumer information program on energy efficient properties
Statutes:	Amend Chapter		Amends Act 240,	Amend Chapter	Amend Chapter 196

	269 HRS		SLH 2006	269 HRS	HRS
Intent:	PUC establish energy efficiency portfolio standards		Adds photovoltaic energy systems to the Pay as you save program	The public benefits fee administrator shall establish a program goal of replacing 50% of qualifying household appliances in the State within five years of the implementation of the program	Provide for the reporting of energy efficiency information on a subject property to consumers, lenders and realtors. Also, allow for information to be stored in a data base for internet access
Mandates or Incentives	Establishes incentives and penalties based on performance		Each electric utility shall implement by tariff a pay as you save model system program for consumers	The public benefits fee administrator develop and implement a cash financial incentive program for the replacement of other qualifying household appliances	
Funding Source:		\$500,000 from the PUC special fund to conduct an energy efficiency assessment	Tariff imposed on future electric bills	The public benefits fee administrator may expend moneys collected through the public benefits fee	

As in most public policy issues, the process toward energy efficiency has many “unintended consequences.” For example, last session the Legislature approved SB No. 644 which “mandated” the installation of a solar water heater in all new single family residences. The bill effectively:

1. Required all new single family residences constructed after January 1, 2010 to include a solar water heater system;
2. Eliminated the Solar thermal energy systems tax credits on all single-family residential properties after 1/1/2010; and
3. Prohibited a single family residential developer from claiming any renewable energy technologies tax credits for systems installed between now and 2010.

Government “Mandates” that attempts to direct the free market system generally result in penalizing one section of the market. For example, in this case, while the arguments that a \$7,000 thermal solar water heating system can easily be incorporated into the mortgage of the average priced home in Hawaii resulting in the homeowner realizing a net savings as energy cost rise over time, the mandate does not recognize or provide a mechanism to assist buyers seeking units priced for residents making less than 80% and less than 120% of the Housing and Urban Development (HUD) median income levels in Hawaii. For Honolulu, the HUD median income for a family of four is \$77,300. Irrespective of costs, developers are required to provide generally 20% of their total units for families making 120% or less of the HUD median income and 10% of their total units for families making 80% or less of the HUD median income.

Adding the cost of a thermal solar water heating unit to these houses effectively means the buyer gets \$7,000 “less” house.

If the goal was really to significantly reduce our 90% dependency on imported oil, wouldn't it have made more of an impact on our energy dependency to require all existing housing units (approximately 491,000 as of July 2005) to convert to solar water heaters as opposed to requiring only new units to have solar (approximately 5,700 units in 2006). Why do you think the focus was on new units as opposed to existing?

No one disagrees with the intended goal of moving the state toward becoming more energy self sufficient. The concern is in the manner our elected leaders are choosing to accomplish this goal.

As was the case last session, none of the energy efficiency bills clearly identifies the specific problem or problems that need to be addressed through the proposed legislation. If the underlying intent is to encourage more energy efficient perhaps the proposed legislation should be expanded to include an assessment and analysis of the various proposed legislation with clearly articulated criteria for outcomes that unintended consequences of the proposed legislation.

In other Cities or municipalities, government has led by example by "Mandating" that all government projects achieve a certain green or sustainable design standard. In so doing, the design professionals and contractors in these Cities were educated and developed the necessary hands on experience to build a green or sustainable project. AFTER the design professionals and contractors gained this experience, there were incentives created based on their hands on experience, to encourage the private projects to incorporate green or sustainable design. People were able to see that costs and benefits of changing behavior and moving toward more energy efficiency.

There also does not appear to be a comprehensive approach or "game plan" for how we should approach our dependency on imported oil. A comprehensive approach would require research and analysis of the programs and desired outcomes along with the economic analysis of all the costs associated with achieving these outcomes.

We strongly recommend that the Legislature develop a full understanding of the economic impacts created by this type of legislation. Perhaps the Legislature should conduct its own analysis or comparison to determine, at a minimum, the following:

1. What specific outcome or range of outcomes would each of the bills achieve;
2. Discuss the public benefits among the different outcomes and assess whether or not government involvement is necessary;
3. If government involvement is desired, assess the pros and cons of providing incentives or mandating compliance to achieve the desired outcomes.

While we see interest in the market moving toward more energy efficiency and sustainable designs, we believe there is much more that needs to be done before public policy makers "Mandate" any more "green or sustainable" legislation.

Thank you for the opportunity to share our views with you.

February 3, 2009

Representative Hermina Morita, Chair  
Committee on Energy and Environmental Protection  
Conference Room 325  
State Capitol  
415 South Beretania Street

Representative Morita:

Subject: **House Bills No. HB 429, HB 430, HB 432, HB 433 and HB 436**  
**Relating to Energy Efficiency**

My name is Jim Tollefson, President of the Chamber of Commerce of Hawaii. The Chamber of Commerce of Hawaii works on behalf of its members and the entire business community to:

- Improve the state's economic climate
- Help businesses thrive

The Chamber of Commerce of Hawaii is concerned on the approach proposed in each of the bills to that are intended to make the State of Hawaii more energy efficient.

The following is a list that attempts to summarize what is being proposed in each of the five (5) bills being heard.

Energy Efficiency Bills	HB 429	HB 430	HB 432	HB 433	HB 436
Proposal:	Directs the public utilities commission to establish energy efficiency portfolio standards.	Public benefits fee administrator conduct an energy efficiency assessment of energy use patterns in the State	Expands the pay as you save pilot program to include photovoltaic energy systems and refrigerator exchanges	Directs the public benefits fee administrator to develop and implement a program to encourage residential retail electricity customers to replace inefficient household appliances with ENERGY STAR appliances	Directs the public utilities commission to establish a consumer information program on energy efficient properties
Statutes:	Amend Chapter 269 HRS		Amends Act 240, SLH 2006	Amend Chapter 269 HRS	Amend Chapter 196 HRS
Intent:	PUC establish energy efficiency portfolio standards		Adds photovoltaic energy systems to the Pay as you save program	The public benefits fee administrator shall establish a program goal of replacing 50% of qualifying household	Provide for the reporting of energy efficiency information on a subject property to consumers, lenders and realtors. Also,

				appliances in the State within five years of the implementation of the program	allow for information to be stored in a data base for internet access
Mandates or Incentives	Establishes incentives and penalties based on performance		Each electric utility shall implement by tariff a pay as you save model system program for consumers	The public benefits fee administrator develop and implement a cash financial incentive program for the replacement of other qualifying household appliances	
Funding Source:		\$500,000 from the PUC special fund to conduct an energy efficiency assessment	Tariff imposed on future electric bills	The public benefits fee administrator may expend moneys collected through the public benefits fee	

As in most public policy issues, the process toward energy efficiency has many “unintended consequences.” For example, last session the Legislature approved SB No. 644 which “mandated” the installation of a solar water heater in all new single family residences. The bill effectively:

1. Required all new single family residences constructed after January 1, 2010 to include a solar water heater system;
2. Eliminated the Solar thermal energy systems tax credits on all single-family residential properties after 1/1/2010; and
3. Prohibited a single family residential developer from claiming any renewable energy technologies tax credits for systems installed between now and 2010.

Government “Mandates” that attempts to direct the free market system generally result in penalizing one section of the market. For example, in this case, while the arguments that a \$7,000 thermal solar water heating system can easily be incorporated into the mortgage of the average priced home in Hawaii resulting in the homeowner realizing a net savings as energy cost rise over time, the mandate does not recognize or provide a mechanism to assist buyers seeking units priced for residents making less than 80% and less than 120% of the Housing and Urban Development (HUD) median income levels in Hawaii. For Honolulu, the HUD median income for a family of four is \$77,300. Irrespective of costs, developers are required to provide generally 20% of their total units for families making 120% or less of the HUD median income and 10% of their total units for families making 80% or less of the HUD median income.

Adding the cost of a thermal solar water heating unit to these houses effectively means the buyer gets \$7,000 “less” house.

If the goal was really to significantly reduce our 90% dependency on imported oil, wouldn't it have made more of an impact on our energy dependency to require all existing housing units (approximately 491,000 as of July 2005) to convert to solar water heaters as opposed to requiring only new units to have solar (approximately 5,700 units in 2006). Why do you think the focus was on new units as opposed to existing?

No one disagrees with the intended goal of moving the state toward becoming more energy self sufficient. The concern is in the manner our elected leaders are choosing to accomplish this goal.

As was the case last session, none of the energy efficiency bills clearly identifies the specific problem or problems that need to be addressed through the proposed legislation. If the underlying intent is to encourage more energy efficient perhaps the proposed legislation should be expanded to include an assessment and analysis of the various proposed legislation with clearly articulated criteria for outcomes that unintended consequences of the proposed legislation.

In other Cities or municipalities, government has led by example by “Mandating” that all government projects achieve a certain green or sustainable design standard. In so doing, the design professionals and contractors in these Cities were educated and developed the necessary hands on experience to build a green or sustainable project. AFTER the design professionals and contractors gained this experience, there were incentives created based on their hands on experience, to encourage the private projects to incorporate green or sustainable design. People were able to see that costs and benefits of changing behavior and moving toward more energy efficiency.

There also does not appear to be a comprehensive approach or “game plan” for how we should approach our dependency on imported oil. A comprehensive approach would require research and analysis of the programs and desired outcomes along with the economic analysis of all the costs associated with achieving these outcomes.

We strongly recommend that the Legislature develop a full understanding of the economic impacts created by this type of legislation. Perhaps the Legislature should conduct its own analysis or comparison to determine, at a minimum, the following:

1. What specific outcome or range of outcomes would each of the bills achieve;
2. Discuss the public benefits among the different outcomes and assess whether or not government involvement is necessary;
3. If government involved is desired, assess the pros and cons of providing incentives or mandating compliance to achieve the desired outcomes.

While we see interest in the market moving toward more energy efficiency and sustainable designs, we believe there is much more that needs to be done before public policy makers “Mandate” any more “green or sustainable” legislation.

Thank you for the opportunity to share our views with you.

# BIA-HAWAII

BUILDING INDUSTRY ASSOCIATION

February 3, 2009

Representative Hermina Morita, Chair  
 Committee on Energy and Environmental Protection  
 Conference Room 325  
 State Capitol  
 415 South Beretania Street

Representative Morita:

Subject: **House Bills No. HB 429, HB 430, HB 432, HB 433 and HB 436**  
**Relating to Energy Efficiency**

I am Karen Nakamura, Chief Executive Officer of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii.

BIA-HAWAII is concerned on the approach proposed in each of the bills to that are intended to make the State of Hawaii more energy efficient.

The following is a list that attempts to summarize what is being proposed in each of the five (5) bills being heard.

Energy Efficiency Bills	HB 429	HB 430	HB 432	HB 433	HB 436
Proposal:	Directs the public utilities commission to establish energy efficiency portfolio standards.	Public benefits fee administrator conduct an energy efficiency assessment of energy use patterns in the State	Expands the pay as you save pilot program to include photovoltaic energy systems and refrigerator exchanges	Directs the public benefits fee administrator to develop and implement a program to encourage residential retail electricity customers to replace inefficient household appliances with ENERGY STAR appliances	Directs the public utilities commission to establish a consumer information program on energy efficient properties
Statutes:	Amend Chapter 269 HRS		Amends Act 240, SLH 2006	Amend Chapter 269 HRS	Amend Chapter 196 HRS
Intent:	PUC establish energy efficiency portfolio standards		Adds photovoltaic energy systems to the Pay as you save program	The public benefits fee administrator shall establish a program goal of replacing 50% of qualifying household appliances in the	Provide for the reporting of energy efficiency information on a subject property to consumers, lenders and realtors. Also, allow for

				State within five years of the implementation of the program	information to be stored in a data base for internet access
Mandates or Incentives	Establishes incentives and penalties based on performance		Each electric utility shall implement by tariff a pay as you save model system program for consumers	The public benefits fee administrator develop and implement a cash financial incentive program for the replacement of other qualifying household appliances	
Funding Source:		\$500,000 from the PUC special fund to conduct an energy efficiency assessment	Tariff imposed on future electric bills	The public benefits fee administrator may expend moneys collected through the public benefits fee	

As in most public policy issues, the process toward energy efficiency has many “unintended consequences.” For example, last session the Legislature approved SB No. 644 which “mandated” the installation of a solar water heater in all new single family residences. The bill effectively:

1. Required all new single family residences constructed after January 1, 2010 to include a solar water heater system;
2. Eliminated the Solar thermal energy systems tax credits on all single-family residential properties after 1/1/2010; and
3. Prohibited a single family residential developer from claiming any renewable energy technologies tax credits for systems installed between now and 2010.

Government “Mandates” that attempts to direct the free market system generally result in penalizing one section of the market. For example, in this case, while the arguments that a \$7,000 thermal solar water heating system can easily be incorporated into the mortgage of the average priced home in Hawaii resulting in the homeowner realizing a net savings as energy cost rise over time, the mandate does not recognize or provide a mechanism to assist buyers seeking units priced for residents making less than 80% and less than 120% of the Housing and Urban Development (HUD) median income levels in Hawaii. For Honolulu, the HUD median income for a family of four is \$77,300. Irrespective of costs, developers are required to provide generally 20% of their total units for families making 120% or less of the HUD median income and 10% of their total units for families making 80% or less of the HUD median income.

Adding the cost of a thermal solar water heating unit to these houses effectively means the buyer gets \$7,000 “less” house.

If the goal was really to significantly reduce our 90% dependency on imported oil, wouldn't it have made more of an impact on our energy dependency to require *all existing housing units* (approximately 491,000 as of July 2005) to convert to solar water heaters as opposed to requiring only new units to have solar (approximately 5,700 units in 2006). Why do you think the focus was on new units as opposed to existing?

No one disagrees with the intended goal of moving the state toward becoming more energy self sufficient. The concern is in the manner our elected leaders are choosing to accomplish this goal.

As was the case last session, none of the energy efficiency bills clearly identifies the specific problem or problems that need to be addressed through the proposed legislation. If the underlying intent is to encourage more energy efficient perhaps the proposed legislation should be expanded to include an assessment and analysis of the various proposed legislation with clearly articulated criteria for outcomes that unintended consequences of the proposed legislation.

In other Cities or municipalities, government has led by example by “Mandating” that all government projects achieve a certain green or sustainable design standard. In so doing, the design professionals and contractors in these Cities were educated and developed the necessary hands on experience to build a green or sustainable project. AFTER the design professionals and contractors gained this experience, there were incentives created based on their hands on experience, to encourage the private projects to incorporate green or sustainable design. People were able to see that costs and benefits of changing behavior and moving toward more energy efficiency.

There also does not appear to be a comprehensive approach or “game plan” for how we should approach our dependency on imported oil. A comprehensive approach would require research and analysis of the programs and desired outcomes along with the economic analysis of all the costs associated with achieving these outcomes.

We strongly recommend that the Legislature develop a full understanding of the economic impacts created by this type of legislation. Perhaps the Legislature should conduct its own analysis or comparison to determine, at a minimum, the following:

1. What specific outcome or range of outcomes would each of the bills achieve;
2. Discuss the public benefits among the different outcomes and assess whether or not government involvement is necessary;
3. If government involved is desired, assess the pros and cons of providing incentives or mandating compliance to achieve the desired outcomes.

While we see interest in the market moving toward more energy efficiency and sustainable designs, we believe there is much more that needs to be done before public policy makers “Mandate” any more “green or sustainable” legislation.

Thank you for the opportunity to share our views with you.



Executive Vice President & Chief Executive Officer

February 2, 2009

**The Honorable Hermina M. Morita, Chair**  
House Committee on Energy & Environmental Protection  
State Capitol, Room 325  
Honolulu, Hawaii 96813

**RE: H.B. 436 Relating to Energy Efficiency**

**HEARING DATE:** Tuesday, February 3 @ 9:00 a.m.

Aloha Chair Morita, Vice Chair Coffman and members of the Committee,

On behalf of our 9,600 members in Hawai'i, the Hawai'i Association of REALTORS® (HAR) **expresses concerns** regarding H.B. 436, which directs the Public Utilities Commission to establish a consumer information program on energy efficient properties.

HAR believes the first step is for the PUC to study and report on the implementation of a consumer information program. H.B. 436 provides broad authority to the PUC to implement rules associated with the disclosure of certain information to both homeowners and lenders. These rules may create unintended but serious consequences for the real estate and mortgage industries, including the possibility of delays, point-of-sale mandates, and other requirements.

However, if the Committee is inclined to pass the bill, HAR makes the following suggestions.

1. Amend page 1, lines 8-11 to: "Make accessible to consumers, real estate licensees and lenders energy efficiency information on properties." This will clarify that this responsibility applies to the PUC.
2. Page 1, lines 12-13: Add "real estate licensees".
3. Page 1, line 18: Remove "to realtors". The term REALTOR® is a registered membership mark. HAR also believes this database should not be limited to just real estate licensees but should be available to other interested parties.
4. Remove Page 2, lines 1-4. This subsection is unclear. If it is the previous homeowner's duty to pass the report on to the consumer, it may require knowledge on energy efficiency that is outside the scope of either the consumer or the real estate licensee.

We invite the opportunity for further discussion regarding this measure and our proposed amendments.



The REALTOR® Building  
1136 12<sup>th</sup> Avenue, Suite 220  
Honolulu, Hawaii 96816

Phone: (808) 733-7060  
Fax: (808) 737-4977  
Neighbor Islands: (888) 737-9070  
Email: har@hawaiiirealtors.com

---

HAR looks forward to working with our state lawmakers in building better communities by supporting quality growth, seeking sustainable economies and housing opportunities, embracing the cultural and environmental qualities we cherish, and protecting the rights of property owners.

Mahalo for the opportunity to testify.