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# 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 cost is approximately 0.4 per cent to 1.7 per cent  
16 of the present median cost per square foot of homes on the  
17 market in Hawaii. As explained above, the cost-effectiveness of  
18 energy efficiency in Hawaii means that this small initial cost  
19 can be recouped many times over by the consumers in the form of  
20 lower energy costs. In the context of a thirty-year mortgage,  
21 energy efficiency can mean immediate savings for consumers, as



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

6 The purpose of 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 comprising the  
11 public utilities commission, concerned citizens,  
12 affected businesses, and energy-related industries to  
13 develop strategies and methods to maximize the energy  
14 efficiency of residential 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 comprise:

8 (1) The director of business, economic development, and  
9 tourism, or the director's designee;

10 (2) The chairperson of the public utilities commission, or  
11 the chairperson's designee; and

12 (3) Concerned citizens and representatives of affected  
13 businesses and energy-related industries.

14 (b) The working group shall make recommendations on:

15 (1) The production of reports to consumers and homebuyers  
16 of the typical monthly cost of energy consumption of  
17 new homes for sale; and

18 (2) Building and energy codes and standards intended to  
19 ensure that new single-family residential construction  
20 shall maximize cost-effective energy-efficiency  
21 opportunities.



1 For the purposes of this subsection, "maximizing energy  
2 efficiency" means reaching efficiency levels such that it would  
3 generally become more cost-effective to theoretically add energy  
4 generation to the home, rather than further increasing the  
5 efficiency of the home.

6 (c) The working group shall submit a report on its  
7 progress, including findings and recommendations, to the  
8 legislature no later than twenty days before the convening of  
9 the regular session of 2018.

10 (d) The working group shall present recommendations  
11 pursuant to subsection (b) to the state building code council no  
12 later than January 31, 2018. Beginning on February 1, 2018, the  
13 working group shall assist the state building code council in  
14 its review of recommendations and any amendments.

15 (e) The working group shall be exempt from the  
16 requirements of chapter 92, Hawaii Revised Statutes.

17 (f) The working group shall terminate on June 30, 2018.

18 SECTION 4. New statutory material is underscored.

19 SECTION 5. This Act shall take effect on July 1, 2030.



**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 homebuyers. (HB1249 HD3)

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