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Testimony of
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before the
**SENATE COMMITTEES ON
GOVERNMENT OPERATIONS
AND
ENERGY, ECONOMIC DEVELOPMENT, AND TOURISM**

Thursday, March 14, 2024
3:45 PM
State Capitol, Conference Room 225 and Videoconference

Providing Comments on
HB 2738, HD2

RELATING TO RENEWABLE ENERGY.

Chairs McKelvey and DeCoite, Vice Chairs Gabbard and Wakai, and members of the Committees, the Hawai'i State Energy Office (HSEO) offers comments on HB 2738, HD2, which would authorize state agencies to prepare a report assessing the feasibility of installing distributed energy resource systems at each facility and would authorize state agencies to implement and install the distributed energy resource systems detailed in the reports no later than five years from the issue date of the reports.

HSEO appreciates the intent of this proposal to improve the efficiency and energy resilience of state facilities, particularly those of first responders.

HSEO notes the recent passage of Act 239 (SLH 2022), codified as HRS section 196-31, requires state facilities to implement cost-effective energy efficiency measures in addition to maximizing energy and water efficiency and energy generation potential, and is similar in several respects to the requirements of HB 2738, HD2, except that HD2 makes the distributed energy resource assessments and improvements optional.

HSEO notes that solar and storage have always been eligible technologies, included with efficiency, demand management, and on-site generation. HSEO has

requested federal funding for benchmarking of state facilities which is an essential first step in determining cost-effective energy measures. Under this effort, HSEO would also develop a state facility energy strategy to assist departments in scoping, funding and executing facility-specific combined energy efficiency and renewable energy projects.

Because the proposed state facility energy strategy project employs the Elective Pay option under the Inflation Reduction Act of 2022, allowing government entities to monetize federal tax credits, HSEO suggests removing the language on Pg. 5, lines 11-12 for clarity:

...provided that no entity shall [~~claim tax credits or deductions, or~~] depreciate assets under title 14 for implementing energy efficiency...

HSEO notes that the existing statute, HRS 196-31, there are two priorities: facilities that have not taken steps to improve energy efficiency since 2010, and facilities larger than 10,000 square feet. That differentiation is continued in this bill, which also adds a new priority: facilities used by first responders.

To incorporate the priorities expressed in this bill, HSEO suggests replacing the "since 2010" differentiation on page 5, lines 4-7, with an emphasis on first responder facilities regardless of size, followed by facilities of more than 10,000 square feet.

Also, to avoid a proliferation of similar statutes (illustrated in HSEO's previous testimony on this bill), and to enhance clarity and uniformity of objectives, it would be helpful to merge this bill with the existing statute.

Sample text incorporating these revisions is attached for the Committee's consideration.

Thank you for the opportunity to testify.

HSEO offers the following language as an example of updating, streamlining, and merging the requirements of HRS Section 196-31 with the contents of HB 2738, HD2:

SECTION 2. Section 196-31, Hawaii Revised Statutes, is amended to read as follows:

§196-31 Energy efficiency and distributed energy resource measure implementation for state facilities. (a) State ~~[facilities]~~ agencies shall assess and implement cost-effective energy efficiency ~~[measures]~~ and distributed energy resource measures at each state facility. Each agency shall provide a report detailing the findings as follows:

- (1) ~~[Beginning on]~~ By January 1, ~~[2024]~~ 2026, for all ~~[state]~~ first responder facilities ~~[that have not implemented section 36-41 since 2010];~~ and
- (2) ~~[Beginning on]~~ By January 1, ~~[2026]~~ 2028, for all other state facilities;

provided that no entity shall ~~[claim tax credits or deductions, or]~~ depreciate assets under title 14 for implementing energy efficiency measures pursuant to this section; provided further that nothing in this subsection shall prohibit ~~[facilities]~~ agencies from implementing energy efficiency and distributed energy resource measures sooner than indicated under paragraph (1) or (2).

(b) With the exception of first responder facilities, ~~[\$]~~ state facilities with an area under ten thousand square feet shall be exempt from the requirements of subsection (a).

(c) State facilities shall implement and install the energy efficiency and distributed energy resource measures detailed in the required reports in subsection (a) beginning no later than five years from the issue date of the reports. Nothing in this subsection shall prohibit agencies from implementing energy efficiency and distributed energy resource measures sooner than indicated under subsection (a) (1) or (2).

(d) Applicable agencies may assess the feasibility of developing resilience hubs, which may be located at public or private facilities and when feasible should be equipped with distributed energy resource systems, that can provide emergency services and be open to the general public during times of emergency.

~~[(e)]~~ (e) For purposes of this section:

"Cost-effective energy efficiency and distributed energy resource measure" means any energy ~~[efficiency]~~ measure where the cost of the ~~[energy efficiency measure]~~ system is equal to or less than the estimated savings over a period of twenty years or the life of the installed components, whichever is less.

"Energy efficiency and distributed energy resource measure" ~~[means any]~~ includes, but is not limited to: energy services, projects, and equipment, ~~[including but not limited to]~~ building or facility energy conservation ~~[enhancing]~~ resources, demand management, or demand response retrofits, which may include energy saved offsite by water or other utility enhancing retrofits, to improve the energy efficiency or reduce energy costs of the facility, energy generating or energy storing materials, or any

combined assembly of solar energy generating and energy storing materials, sited at or on a facility, and the related infrastructure necessary for its operation.

"First responder facilities" includes facilities for firefighters, paramedics, emergency medical technicians, or other individuals who, in the course of their professional duties, respond to fire, medical, hazardous material, or other similar emergencies.

"Resilience hub" means any facility that is open to the general public for the purpose of providing emergency response services, including but not limited to shelter, food, water, medicine, emergent or urgent care medical services, energy, electricity, telecommunications, internet access, fuel, and electric vehicle charging."