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Testimony of
MARK B. GLICK, Chief Energy Officer

before the
**HOUSE COMMITTEES ON
ENERGY & ENVIRONMENTAL PROTECTION
AND
LABOR & GOVERNMENTAL OPERATIONS**

Tuesday, March 19, 2024
9:50 AM
State Capitol, Conference Room 325 & Videoconference

In Support with Amendments of
SB 3103, SD2

RELATING TO ENERGY.

Chairs Lowen and Matayoshi, Vice Chairs Cochran and Garrett, and members of the Committees, the Hawai'i State Energy Office (HSEO) supports with amendments SB 3103, SD2, an Administration bill which would establish labor standards for renewable energy projects one megawatt or larger.

This measure will help ensure workers can earn a living wage and pursue a good career in Hawai'i's utility renewable energy construction sector. To replace Hawai'i's aging fossil fuel infrastructure and achieve Hawai'i's 100% renewable energy mandate by 2045, a succession of large renewable energy projects will be needed over the next twenty (20) years. In addition, maintaining modernized and reliable renewable energy electric grids in Hawai'i will require the maintenance and replacement of utility energy projects for the foreseeable future.

Apprenticeships are entry level positions that provide the foundation for workforce growth and longevity. Developing a workforce through a registered apprenticeship program as required by this measure can build Hawai'i's long-term labor capacity by providing workers supervised on-the-job training (at lower rates than journey

workers) and diverse skills for all types of projects. Requiring use of registered apprentices with minimum labor standards that can increase the standard of work on critical energy infrastructure.

This measure can also support lower project costs through consistency with the maximum federal tax credits available for renewable energy projects under the Inflation Reduction Act (IRA) which require prevailing wages and apprenticeships; savings that can be passed down to Hawai'i ratepayers. Hawaiian Electric's most recent Stage 3 Request for Proposals gives preference to developers committing that eighty percent (80%) of the workforce during all periods of construction is paid at prevailing wage equivalent to that indicated in HRS 104 (Wages and Hours of Employees on Public Works).

HSEO has experience filing records for energy efficiency and renewable energy programs and has the capacity to keep the records (e.g., attestations, declarations) required by SB 3103, SD2, and would work with the Department of Labor and Industrial Relations (DLIR) on enforcement as needed under DLIR's statutory authorities.

After discussions with stakeholders, HSEO offers the following amendments for the Committee's consideration:

1. Page 3, Line 12: The person constructing a covered project, not the contractor, may be best suited to provide notice of compliance with this law.

(c) A [~~contractor~~] person constructing a covered project shall notify the purchaser of the project or the purchaser of the energy from the project of the existence of the signed attestation or declaration required pursuant to subsection (a).

2. Page 4, Line 13: The definition of "Construction" should be narrowed to exclude the fabrication or assembly of project materials occurring off-site, which could be in other states or countries. Options could be to limit "on-site" construction work to that within the State of Hawai'i, county in which the project is located, project tax map key(s), or project parcel street address(es). HSEO also believes "Construction" should not

include post-construction equipment testing and inspection which can be highly specialized and manufacturer specific.

~~[(h)]~~ (i) As used in this section:

“Construction” includes on-site ~~[and off-site]~~ construction and fabrication, shall exclude post-construction equipment testing or inspection, and shall be effective thirty days after project completion.

5. Page 5, Line 6: The measure should clarify “renewable energy” is defined under HRS 269-91 (Public Utilities Commission, Part V. Renewable Portfolio Standards).

“Renewable energy” means as defined under HRS 269-91.

HSEO notes the IRA includes a ‘good faith effort’ exception from its tax credit apprenticeship requirements.

HSEO acknowledges the concerns voiced over possible shortages of apprentices enrolled in, or graduated from, a registered apprenticeship program and welcomes further discussion to ensure adequate local labor capacity. Accordingly, there has been considerable collaborate efforts to support the growth of Hawai'i's registered apprenticeships programs, namely Good Jobs Hawai'i, the Hawai'i Clean Energy Sector Partnership, and other programs featuring HSEO, DLIR among others.

Thank you for the opportunity to testify.