



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

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House Committee on Higher Education
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HB 1830 HD1 – RELATING TO ENERGY AT THE UNIVERSITY OF HAWAII

Chair McKelvey, Vice Chair Hashem, and members of the committee:

Thank you for the opportunity to submit testimony on HB 1830 HD1. The University of Hawai'i ("University") supports this measure which allows funds appropriated by the Legislature to be deposited into the University of Hawai'i Green Special Fund ("GSF") and clarifies the authority to expend funds and the scope of the projects that can be funded. This bill will facilitate a sustainable means of financing energy efficient and other sustainability projects at the University that will ultimately improve energy performance, reduce operating costs, and modernize our facilities.

Green Revolving Funds (GRFs) are a best practice used by many leading colleges and universities dedicated to addressing sustainable facilities, operations, and behaviors. These funds are typically managed by the university to fund energy efficiency, renewable energy, sustainability, and energy conservation projects which reduce energy use, and repay the GRFs within a specified time period through operational cost savings realized by the energy efficiency, renewable energy, sustainability, and energy conservation projects.

In 2017, the Legislature passed Act 186, Session Laws of Hawai'i 2017, which added to chapter 304A, HRS, a new section later codified as section 304A-2181, that created the University of Hawai'i Green Special Fund to collect and expend moneys generated by energy savings from energy efficiency, renewable energy, and sustainability projects on additional energy efficiency, renewable energy, and sustainability projects. This mechanism helps move the University closer to achieving its net-zero energy mandate (Act 99, Session Laws of Hawai'i 2015).

For reasons set forth below, the University respectfully requests, however, to remove the requirement in this measure to have all expenditures out of the fund approved by the legislative.

In 2017, the University executed a project that would typically run through the GSF to replace 4 minus-80° ultra-low temperature research freezers that were at the end of its useful life with new high-efficiency energy-star compliant freezers, for a total cost of \$54,919. The expected return on investment is 9.44 in simple payback years, and an overall estimated savings of \$96,398 over 15 years. Under the GSF program, all savings will be deposited into the fund for reinvestment in

other energy-savings projects. This type of project does not require legislative approval and a mandate will only add a barrier to timely completing the project. For larger projects funded through a CIP appropriation from the Legislature, such projects would already have received the required legislative approval through the budget process. As such, the University believes this requirement is unnecessary.

With these amendments, this measure enables the University to more efficiently administer and manage the University of Hawai'i Green Special Fund:

- (1) Expressly permit the deposit of legislatively appropriated funds into the University of Hawai'i Green Special Fund.
- (2) Expressly authorize the University's chief financial officer to collect moneys for and expend and transfer moneys from the University of Hawai'i Green Special Fund.
- (3) Clarify that the scope of the projects eligible for funding from the University of Hawaii Green Special Fund includes energy efficiency, energy conservation, renewable energy, and sustainability projects.

Thank you for the opportunity to testify in support of HB 1830 HD1.