



# UNIVERSITY OF HAWAII SYSTEM

## Legislative Testimony

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Testimony Presented Before the  
Senate Committee on Transportation and Energy and  
Senate Committee on Higher Education  
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By  
Jan Gouveia  
Vice President for Administration  
and  
Kalbert K. Young  
Vice President for Budget and Finance/CFO  
University of Hawai'i System

### HB 1830 HD2 – RELATING TO ENERGY AT THE UNIVERSITY OF HAWAII

Chairs Inouye and Kahele, Vice Chairs Espero and Kim, and members of the committees:

Thank you for the opportunity to submit testimony on HB 1830 HD2. The University of Hawai'i ("University") supports this measure with comments. This measure 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 replace the requirement in this measure to notify the legislature of all expenditures out of the fund with a requirement to report annually on all expenditures out of the fund.

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 notification 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 legislative approval through the budget process and thus the Legislature would have already been notified. Currently, there are no general appropriations made into the fund and based on the practicalities around providing advanced notice, we would only be able to obtain approval once a year. This takes away from our ability to timely execute these projects. As such, the University believes this requirement is unnecessary. In lieu of this notification requirement, the University would be willing to provide an annual report on all expenditures out of the fund.

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

- (1) Expressly permitting the deposit of legislatively appropriated funds into the University of Hawai'i Green Special Fund.
- (2) Expressly authorizing 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) Clarifying that the scope of the projects eligible for funding from the University of Hawai'i 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 HD2.