SB 2651
RELATING TO ENERGY

Senate Committee on Economic Development

Public Hearing - February 1, 1996
1:00 P.M., Room 225 State Capitol

By

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SB 2651 would amend Chapter 36, HRS to provide that any state agency undertaking energy conservation projects will be able to use the savings thus generated to pay for that and other energy conservation projects.

Our testimony on this measure is compiled from voluntarily submitted opinions of listed academic reviewers, and as such, does not constitute an institutional position of the University of Hawaii.

We strongly support the intent of this proposal in that it provides some financial incentive for agencies to modify their behavior in the direction of energy efficiency. While promotion of energy efficiency is praiseworthy in itself, the measure might be strengthened by extending the reward to projects or policies that facilitate the purpose of the agency or even personally acknowledge the officials involved. Despite the difficulty of monitoring such incentives, the fact remains that the closer one get to rewarding individuals, the more effective are the incentives. To that end, perhaps the bill might be amended to provide that the special fund may cover extra administrative costs to the agency as well as direct costs to consultants.

The rationale for the schedule of payments in §36-F is unclear. It appears that the effect of the measure as written would be to provide increasing rewards for energy efficiency over a five year period, after which the fiscal incentive is abruptly withdrawn. Such a transitory incentive seems counterproductive in the long term.