

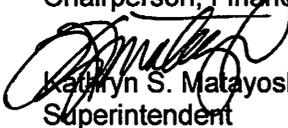


STATE OF HAWAII
DEPARTMENT OF EDUCATION
P.O. BOX 2360
HONOLULU, HAWAII 96804

OFFICE OF THE SUPERINTENDENT

February 16, 2016

TO: The Honorable Grant Chun
Chairperson, Finance and Infrastructure Committee

FROM: 
Kathryn S. Matayoshi
Superintendent

SUBJECT: **Committee Action on Legislation Relating to Department of Education Energy Efficiencies, Renewable Energy, Wheeling, Net Energy Metering, and Green Infrastructure Loan Program and Other Funding Sources, Including Consideration of the Following Legislation: Senate Bill (SB) 2604, SB 2536, SB 2605, SB 3126, House Bill (HB) 2726, HB 2569**

1. RECOMMENDATION

The Department of Education (Department) is providing information on various energy bills related to education operations. This will provide the members with insight as to the recent developments regarding the measures and decisions being made as these move through the legislative process.

2. RECOMMENDED EFFECTIVE DATE

February 16, 2016.

3. RECOMMENDED COMPLIANCE DATE (if different from the effective date)

4. DISCUSSION (if different from the effective date)

a. Conditions leading to the recommendation

A request was made for the Department to brief the Board of Education (Board) on energy bills related to education operations. Attached are bill summaries, which also include the bill number, title, introducer(s), legislative committee referral and department position.

b. Previous action of the Board on the same or similar matter

The Board has received various updates on bills impacting education through Superintendent reports or other legislative update agendas.

- c. **Other policies affected**
The Department has testified on these bills and followed all previous Board Policy to justify our position.
- d. **Arguments in support of the recommendation**
The purpose of this brief is to inform the Board on the energy related bills that are currently being addressed in the Legislature and the Department's testimony on these bills.
- e. **Arguments against the recommendation**
None expected.
- f. **Other agencies or departments of the State of Hawaii involved in the action**
Many agencies, departments and individuals have testified in support and in opposition to each of the various bills.
- g. **Possible reaction of the public, professional organizations, unions, DOE staff and/or others to the recommendation**
Through the brief summary of each bill, continually developing and to be discussed in the brief.
- h. **Educational implications**
None expected
- i. **Personnel implications**
None expected
- j. **Facilities implications**
Positive impact expected.
- k. **Financial implications**
The intent of all of these Energy related Bills is to allow the DOE to get closer to its 90% on-site renewable energy goal by 2040. Each of these Bills supports the DOE to achieve that goal.

5. OTHER SUPPLEMENTARY RECOMMENDATIONS

KSM:kb
Attachments

c: Office of School Facilities and Support Services

Bill Number: S.B. No. 2604

Bill Title: RELATING TO A MICROGRID PILOT PROJECT FOR SCHOOLS

Introducer(s): KIDANI, GALUTERIA, SHIMABUKURO, DELA CRUZ, INOUE, WAKAI

Referral: EDU/TRE, WAM

Similar Bills: N/A

Dept. Position: SUPPORT

Bill Summary:

- Requires HIDOE, through the Ka Hei program, to establish and implement an off-grid microgrid pilot project (Pilot Project) at a school of the Department's choosing.
- Requires HIDOE to prepare plans and a schedule for implementation and installation for the Pilot Project, including selection of a school, by December 31, 2016.
- Requires HIDOE to complete installation and begin operations and utilization of the Pilot Project by December 31, 2017, as long as funds are made available by August 1, 2017.
- Defines "off-grid microgrid pilot project" to mean:
"a group of interconnected loads and distributed energy resources and backup energy generation resources within clearly defined electrical boundaries and within a department school that may operate as a contained controllable entity, is not inter-connected with the grid of an electric utility company or of any other party that is designed, and is intended to be operated by the department for a minimum of five years."
- Prohibits an electric utility from charging HIDOE a fee for disconnecting from the grid of a public electric utility company.
- Requires HIDOE to report on its progress, including any proposed legislation, beginning with the 2017 Regular Session and every session thereafter until the pilot project is completed.
- Requires HIDOE to maximize public and private financing opportunities, including green infrastructure bonds; if HIDOE determines the funding is not adequate or feasible, the Department is required to submit a funding request to the 2017 Legislature.

Bill Number: S.B. No. 2536

Bill Title: RELATING TO WHEELING FOR EDUCATIONAL INSTITUTIONS

Introducer(s): INOUYE, KIDANI, SHIMABUKURO, GALUTERIA, NISHIHARA

Referral: EDU/TRE, CPH

Similar Bills: N/A

Dept. Position: SUPPORT

Bill Summary:

- Authorizes state educational institutions (HIDOE and UH) to utilize wheeling to transmit energy to themselves between various locations.
- Allows policies, rules, and tariffs to be established with the approval of the Public Utilities Commission (PUC); requires the PUC to establish rules by January 1, 2017.
- Requires electricity utility companies to submit proposed state education institution wheeling tariffs with the PUC by March 1, 2017.
- Requires the PUC to report the status of the implementation of state educational institution wheeling, including proposed legislation, to the Legislature beginning with the 2017 Regular Session and every session thereafter until completion.
- Defines "State educational institution wheeling" to mean:
wheeling by a state educational institution when the institution acts as both the seller and the retail customer; provided that a state educational institution may own or lease from a third party, or may operate or contract to operate with a third party, renewable energy generation facilities and any other related facilities to generate and transmit renewable energy, which may include energy storage technologies and facilities.

Bill Number: S.B. No. 2605

Bill Title: RELATING TO NET ENERGY METERING FOR SCHOOLS

Introducer(s): KIDANI, GALUTERIA, HARIMOTO, SHIMABUKURO, DELA CRUZ

Referral: EDU/TRE, CPH

Similar Bills: N/A

Dept. Position: SUPPORT (pending approval)

Bill Summary:

- Clarifies the definition of “eligible customer-generator” to include third party lessees or contractors of a residential or commercial customer, including a government entity.
- Limits HIDOE to a capacity of not more than 750 kilowatts per generating facility, if HIDOE qualified as an eligible customer-generator.
- Prohibits the Public Utilities Commission from amending the rate structure or excess electricity credits and credit carryover terms applicable to HIDOE for net energy metering.

Bill Number: S.B. No. 3126 & H.B. No. 2726

Bill Title: RELATING TO PUBLIC SCHOOLS

Introducer(s): KOUCHI (Senate - by request) [ADMIN BILL]
SOUKI (House - by request) [ADMIN BILL]

Referral: EDU/TRE, WAM; EEP, EDN, FIN

Similar Bills: H.B. No. 2726

Dept. Position: SUPPORT

Bill Summary:

- Recommended by the Governor for immediate passage.
- Established ceiling to loans \$100,000,000 in fiscal year (FY) 2015-2016 from the Hawaii Green Infrastructure Special Fund to HIDOE and the Department of Budget & Finance (B&F).
- Authorizes the issuance of \$30,000,000 in general obligation (GO) bond funds in FY 2015-2016.
- Authorizes the funds from the loan and GO bond funds to be expended by HIDOE for capital improvement program equipment and installation costs for air conditioning, energy efficient lighting, and other energy efficiency measures related to heat abatement in public schools.
- Appropriates \$7,000,000 in general revenues in FY 2016-2017 for the initial loan repayment to the Green Infrastructure Loan Program by B&F.

Notes:

- *The bill is recommended for immediate passage to meet the goal of cooling 1,000 classrooms by the end of 2016 and are for the current fiscal year.*
- *The Special Fund is administered by the Hawaii Green Infrastructure Authority, established in 2013, and is administratively attached to the Department of Business, Economic Development, and Tourism.*

Bill Number: H.B. No. 2569, H.D. 1

Bill Title: RELATING TO ENERGY

Introducer(s): C. LEE, AQUINO, BELATTI, BROWER, CACHOLA, CHOY, CREAGAN, CULLEN, DECOITE, EVANS, FUKUMOTO CHANG, HAR, HASHEM, ICHIYAMA, ING, ITO, JOHANSON, JORDAN, KAWAKAMI, KEOHOKALOLE, KOBAYASHI, LOPRESTI, LOWEN, LUKE, MATSUMOTO, MCKELVEY, MIZUNO, MORIKAWA, NAKASHIMA, NISHIMOTO, OHNO, OSHIRO, POUHA, RHOADS, SAIKI, SAN BUENAVENTURA, SAY, SOUKI, TAKAYAMA, TAKUMI, THIELEN, TOKIOKA, TSUJI, WOODSON, YAMANE, ONISHI

Referral: EEP, EDN, FIN

Similar Bills: NA

Dept. Position: PENDING

Bill Summary:

Part I

- Requires HIDOE to establish a goal of becoming net-zero with respect to energy use, producing as much renewable energy as it consumes across all public school facilities, by January 1, 2035.
- Requires HIDOE to establish a minimum of one microgrid pilot project at schools that also serve as emergency shelters and to consult with other government entities on the pilot project(s).
- Requires HIDOE to expedite the cooling of all public school classrooms to a temperature acceptable for student learning and to report to the Legislature about the implementation of such measures.

Part II

- Recommended by the Governor for immediate passage.
- Established a ceiling for loans of \$100,000,000 in fiscal year (FY) 2015-2016 from the Hawaii Green Infrastructure Special Fund to HIDOE and the Department of Budget & Finance (B&F).
- Authorizes the issuance of \$30,000,000 in general obligation (GO) bond funds in FY 2015-2016.
- Authorizes the funds from the loan and GO bond funds to be expended by HIDOE for capital improvement program equipment and installation costs for air conditioning, energy efficient lighting, and other energy efficiency measures related to heat abatement in public schools.
- Appropriates \$7,000,000 in general revenues in FY 2016-2017 for the initial loan repayment to the Green Infrastructure Loan Program by B&F.