



**LATE**

**Hawaii Solar Energy Association**  
*Serving Hawaii Since 1977*

Mar. 17, 2009  
Room 225  
3:00 P.M

Senate  
ENE  
HB1464 HD3

Mark Duda  
President

**Testimony in Support**

**Chair Gabbard, Vice-Chair English and Members of the Committees:**

**Scope of Testimony**

HSEA's comments below are confined to Section 13 dealing with Part VII dealing with solar water heating systems.

**Basis for Testimony**

HSEA members manufacture and install the vast majority of solar water heating systems deployed in the State of Hawaii. Our comments on this measure are based on this expertise, and our related experience in energy efficiency and other renewable energy technologies.

**HSEA makes the following comments regarding this measure:**

Part VII of HB1464 HD3 makes a number of important changes, which HSEA supports. HSEA notes, however, that this draft of HB1464 retains the variance that allows developers to comply with Hawaii's innovative 'solar mandate' by installing tankless gas heaters.

Like many groups linked to environmental causes and/or renewable energy, HSEA believes that the presence of a gas variance is not good public policy. It is also not consistent with the intent of the Act 204, which is to reduce fossil fuel consumption in Hawaii by taking advantage of our state's rich, indigenous energy resources to heat water.

Conference Committee Report #169-08 on what was SB644 notes that:

The purpose of this bill is to lessen Hawaii's dependence on fossil fuels by:

- (1) Requiring solar thermal water heaters installed in homes constructed after January 1, 2010, to comply with the standards of any ratepayer financed energy efficiency rebate program administered by an electric utility or public benefits fund administrator that is in effect at the time permits are issued for the home;
- (2) Requiring the Public Benefits Fund Administrator to support compliance verification of solar thermal water heaters installed in new single-family residences after January 1, 2010; and

- (3) Including in the Public Benefits Fund Administrator duties the responsibilities of:
- (A) Maintaining or improving current residential solar thermal water heating system standards (standards);
  - (B) Verifying compliance with the standards; and
  - (C) Determining the necessity for, and convening as necessary, an advisory committee to review the standards.

HSEA believes that Hawaii's dependence on fossil fuels cannot be "lessened" by allowing developers to comply with a solar 'mandate' by installing a device that burns fossil fuel. The gas variance is a loophole that allows developers to *choose* gas even when the solar resource is sound. In current law, gas derived from fossil fuels and burned to heat water is not a fall back for instances where solar cannot do the job – it is an allowed alternative to solar no matter how much sun falls on the building site.

With access to this loophole, given the lower up front cost of gas and the fact that the developer never has to pay the actual gas bill, it is unrealistic to expect developers *not* to choose gas over solar. In these difficult economic times, it will take a courageous developer indeed to willingly increase her initial price point relative to her competitors. As a result, with the gas loophole in place, gas water heaters will progressively dominate new construction for decades, one subdivision at a time, leaving no need for solar water heating systems. Hawaii will see fewer solar water heaters installed with the 'mandate' than without.

In closing, HSEA would also like to point out that closing the gas loophole would never prevent developers from choosing tankless gas water heaters when the solar resource is inadequate.

#### **About the Hawaii Solar Energy Association**

*Hawaii Solar Energy Association (HSEA) was founded in 1977 and is comprised of more than 30 installers, distributors, manufacturers and financers of solar energy systems, both hot water and PV, most of which are Hawaii based, owned and operated. The organization's primary goals are: (1) to further solar energy and related arts, sciences and technologies with concern for the ecologic, social and economic fabric of the area; (2) to encourage the widespread utilization of solar equipment as a means of lowering the cost of energy to the American public, to help stabilize our economy, to develop independence from fossil fuel and thereby reduce carbon emissions that contribute to climate change; (3) to establish, foster and advance the usefulness of the members, and their various products and services related to the economic applications of the conversion of solar energy for various useful purposes; and (4) to cooperate in, and contribute toward, the enhancement of widespread understanding of the various applications of solar energy conversion in order to increase their usefulness to society.*