

BILL022(22)
Testimony

MISC. COMM. 167

COUNCIL

COUNCIL Meeting

Meeting Date: May 4, 2022 @ 10:00 AM

Support: 12

Oppose: 1

I wish to comment: 3

Name: Elizabeth Stampe	Email: estampe@nrdc.org	Zip: 94104
Representing: Natural Resources Defense Council (NRDC)	Position: Support	Submitted: Apr 29, 2022 @ 02:26 PM
Name: Tiffany Huynh	Email: tiffany@elementalexcelerator.com	Zip: 96813
Representing: Elemental Excelerator	Position: Support	Submitted: Apr 30, 2022 @ 04:36 PM
Name: Julie Yunker	Email: jyunker@hawaiigas.com	Zip: 96813
Representing: Hawaii Gas	Position: Support	Submitted: May 2, 2022 @ 09:22 AM
Name: Tiffany Huynh	Email: tiffany@elementalexcelerator.com	Zip: 96813
Representing: Elemental Excelerator	Position: Support	Submitted: May 2, 2022 @ 12:37 PM
<p>Testimony:</p> <p>I submitted written testimony on April 30th, but would also like to provide virtual testimony during the May 4th meeting. Below is a copy of the submitted written testimony for your records:</p> <p>Dear Chair Waters, Vice-Chair Kiaina, and Councilmembers:</p> <p>Elemental Excelerator respectfully submits our strong support for Bill 22.</p> <p>Elemental Excelerator is a Honolulu-based non-profit organization that supports climate positive startup companies that help solve Hawai'i's most urgent environmental problems. Each year, we select 15-20 companies that best fit our mission and fund each company with up to \$1 million in investment. To date, we have awarded over \$48 million to 135 companies, and additionally supported 80 new tech demonstration projects right here in Hawai'i & the Asia Pacific.</p> <p>Bill 22 is a critical step towards supporting the climate goals set up by this Council in the unanimously approved Honolulu Climate Action Plan, the O'ahu Resilience Strategy, and the statutory requirement under Ordinance 20-47 to achieve net negative carbon emissions by 2045. Importantly, the adoption of Bill 22 and the establishment of an energy and water benchmarking program for large buildings within the City and County of Honolulu will bring transparency and help support the transition of our island to an energy-independent, modern, clean economy.</p> <p>Buildings are responsible for approximately one-third of all greenhouse gas emissions on O'ahu, the second highest source of emissions on the island. O'ahu's climate goals cannot be reached without a policy to address and gradually reduce building energy use. Dozens of Elemental Excelerator's clean energy start-ups directly address energy monitoring, energy efficiency, and energy storage in buildings—and are eager to offer solutions that create green jobs as well as save building owners and tenants money on utility bills. Bill 22 is designed to make energy and water data easier to access, to track, and to guide decision-making, and help building owners and operators to take advantage of energy and water efficiency solutions that are readily available from local companies.</p> <p>Dozens of other cities and states have already adopted benchmarking, and this simple data transparency has led to rapid energy efficiency gains of 3-5%. This is a simple and straight forward process that many responsible building owners and operators already do here in Honolulu. Moving the entire market toward transparency and a 3-5% gain will translate to tons of emissions reduction and millions of dollars in monetary savings for our community. In an era where every single barrel of imported oil that is eliminated keeps over 100 dollars at home in the local economy—and reduces human harm in other countries overseas—the energy savings resulting from Bill 22 will make us more self-sufficient and do our part to transition the world away from a reliance on fossil fuels. Importantly, Bill 22 will also help conserve fresh water on our island as we respond to drought and the recent pollution pressures</p>		

at Red Hill on our aquifers, by eliminating water waste in our buildings and helping to stretch resources for our residents.

Elemental Excelerator has helped support dozens of climate tech solution companies that create good jobs, help transition our economy to 100% clean energy, and lower the energy burden for companies and households throughout the islands. Bill 22 is a critical policy step forward to continue to foster the innovation and new business entrepreneurs that are transitioning our economy, meeting our climate goals, creating green jobs, and cutting the cost of living for local residents and consumers.

Bill 22 is the most important climate and energy bill heard by this Council in 2022, and is critical to pass in its current form or stronger to ensure O’ahu meets the climate and clean economy goals we have established for ourselves. Elemental Excelerator strongly supports the passage of Bill 22.

Thank you for the opportunity to testify.

Name: Philip Nerney	Email: psnerney@yahoo.com	Zip: 96817
Representing: CAI	Position: Oppose	Submitted: May 2, 2022 @ 02:11 PM

Name: Michael Chang	Email: michael.chang@hawaiianelectric.com	Zip: 96840
Representing: Hawaiian Electric	Position: Support	Submitted: May 2, 2022 @ 02:13 PM

Name: Caroline Carl	Email: caroline.a.carl@leidos.com	Zip: 96817
Representing: Hawaii Energy	Position: Support	Submitted: May 2, 2022 @ 04:55 PM

Name: Dyson Chee	Email: cheedyson@gmail.com	Zip: 96814
Representing: Hawaii Youth Climate Coalition	Position: Support	Submitted: May 3, 2022 @ 07:57 AM

Testimony:

Aloha Chair Waters, Vice-chair Kiaina, and honorable Council Members,

My name is Dyson Chee, I am 20 years old, and I am submitting written testimony on behalf of the Hawaii Youth Climate Coalition (HYCC) in support of Bill 22.

HYCC is a youth-led, youth-founded organization dedicated to taking on the climate crisis through just and equitable means. Benchmarking and transparency are important components in managing and reducing the cost of energy, and 43 other U.S. cities, counties, and states have already enacted similar legislation. Additionally, we are grateful that Bill 22 also includes water conservation, which—as the Red Hill crisis has proved—is a fundamental necessity in a secure, sustainable, and healthy community. And finally, as the 2020-2025 Climate Action Plan noted, building efficiency and benchmarking are key to dramatically reducing Honolulu’s GHG emissions. It is for these reasons that we hope the council will pass Bill 22.

Thank you for taking action to protect our future.

Dyson Chee

Name: Melissa Miyashiro	Email: melissa@blueplanetfoundation.org	Zip: 96813
Representing: Blue Planet Foundation	Position: Support	Submitted: May 3, 2022 @ 08:39 AM

Name: Alyson Nakamura	Email: anakamura@abhi.com	Zip: 96813
Representing:	Position:	Submitted:

Alexander & Baldwin, Inc.	Support	May 3, 2022 @ 09:39 AM
Name: Olivia Walker	Email: oliviawalk@gmail.com	Zip: 90066
Representing: Natural Resources Defense Council	Position: Support	Submitted: May 3, 2022 @ 09:59 AM
Testimony: Support letter on behalf NRDC already submitted by my colleague - Elizabeth Stampe. Thank you!		
Name: Stefanie Sakamoto	Email: ssakamoto@imanaka-asato.com	Zip: 96813
Representing: BIA Hawaii	Position: I wish to comment	Submitted: May 3, 2022 @ 11:30 AM
Name: Kauai Burgess	Email: kaburges@ksbe.edu	Zip: 96813
Representing: Kamehameha Schools	Position: Support	Submitted: May 3, 2022 @ 03:15 PM
Name: Jane Sugimura	Email: jsugimura@paclawteam.com	Zip: 96813
Representing: Hawaii Council of Association of Apartment Owners	Position: I wish to comment	Submitted: May 3, 2022 @ 07:58 PM
Name: Scott Glenn	Email: dbedt.energyoffice@hawaii.gov	Zip: 96813
Representing: Hawaii State Energy Office	Position: Support	Submitted: May 3, 2022 @ 08:00 PM
Name: Evan Oue	Email: eoue@imanaka-asato.com	Zip: 96744
Representing: NAIOP Hawaii	Position: I wish to comment	Submitted: May 4, 2022 @ 08:22 AM

April 29, 2022

The Honorable Tommy Waters, Chair and Presiding Officer,
and Members of the Honolulu City Council
530 South King Street, Room 202
Honolulu, Hawai'i 96813

Dear Chair Waters and Councilmembers:

Re: Support for Bill 22, Building Benchmarking

The Natural Resources Defense Council (NRDC) works to ensure the rights of all people to clean air, clean water, and healthy communities; on behalf of this goal, and our 7,500 Honolulu members, **we are writing to strongly support your adoption of Bill 22**, which will establish a better buildings benchmarking and reporting requirement for energy and water usage of covered properties within the City and County of Honolulu. Benchmarking is a foundational action that Honolulu, as part of the American Cities Climate Challenge, is being supported to achieve.

Bill 22 will help realize climate goals and reduce costs. Bill 22 will enable building owners and the City to measure and track building energy and water use, to help better manage costs and improve energy and water efficiency. It is an important step to reduce energy waste and carbon emissions, and secure the supply of precious drinking water.

The energy used in buildings is Honolulu's second-largest source of greenhouse gas emissions. Energy use in buildings (most commonly for water heating, air conditioning, and lighting) is the source of 35% of emissions citywide, according to the City's 2019 GHG inventory.

If passed, this benchmarking policy is projected to help **save 1.7 million metric tons of CO₂** by 2045. Passing this policy will bring Honolulu one important step closer to reaching its Climate Action Plan goal to reduce greenhouse gas (GHG) emissions by 45 percent by 2025 and put the city on the path to carbon neutrality by 2045.

Energy use is the highest operating cost of owning a building; benchmarking helps building owners manage that cost and reduce it.

Benchmarking and transparency can also help tenants reduce costs. This is a strong consumer protection tool: potential residential and commercial tenants can estimate likely utility bills for better budgeting and more informed decisions. Transparency can also help utilities and public programs identify how to support the lowest-performing buildings and energy-burdened communities.

Benchmarking and transparency for energy use is a proven strategy, used since 2008.

- If Honolulu's City Council approves this policy, it will follow in the footsteps of **43 other U.S. cities, counties, and states**.
- Cities like Minneapolis, Denver, and Chicago have seen energy savings of 3-5% soon after policy passage, as this tracking encourages building owners and managers to make their own cost-saving improvements.

Honolulu is improving on this tried-and-true approach by also tracking water use.

Right now, Honolulu residents are more aware than ever of the need to save precious clean water given the contamination of freshwater at Red Hill. Supporting water conservation community-wide will go a long way to safeguard residents' drinking water supply over time.

The City Council has clearly paved the way for this policy:

- In December 2020, Council passed Bill 65 (now **Ordinance 20-47**) to require that the City benchmark energy and water use in City-owned buildings above a certain threshold, enabling the City to test-run a benchmarking program and lead by example.
- In June 2021, the City Council passed the **2020-2025 Climate Action Plan**, in which building efficiency and benchmarking were identified as key to dramatically reducing Honolulu's GHG emissions.

In addition, this is being supported by the [American Cities Climate Challenge](#), as one of the climate actions Honolulu has set out to accomplish; we are pleased to have been able to support this work with technical information and capacity, and applaud the City's progress on this foundational step.

Now the City Council can deliver on this promise, to lower emissions, save residents money, and conserve precious water for all.

NRDC urges this Council to take this smart step toward making Honolulu a more resilient, affordable and sustainable city.

Sincerely,

Elizabeth Stampe
City Strategist for Honolulu
American Cities Climate Challenge
Natural Resources Defense Council



Testimony of Elemental Excelerator to the City and County of Honolulu Council

in consideration of **Bill 22**, May 4, 2022

Dear Chair Waters, Vice-Chair Kia‘āina, and Councilmembers:

Elemental Excelerator respectfully submits our **strong support** for Bill 22.

Elemental Excelerator is a Honolulu-based non-profit organization that supports climate positive startup companies that help solve Hawai‘i’s most urgent environmental problems. Each year, we select 15-20 companies that best fit our mission and fund each company with up to \$1 million in investment. To date, we have awarded over \$48 million to 135 companies, and additionally supported 80 new tech demonstration projects right here in Hawai‘i & the Asia Pacific.

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Dozens of other cities and states have already adopted benchmarking, and this simple data transparency has led to rapid energy efficiency gains of 3-5%. This is a simple and straight forward process that many responsible building owners and operators already do here in Honolulu. Moving the entire market toward transparency and a 3-5% gain will translate to tons of emissions reduction

and millions of dollars in monetary savings for our community. In an era where every single barrel of imported oil that is eliminated keeps over 100 dollars at home in the local economy—and reduces human harm in other countries overseas—the energy savings resulting from Bill 22 will make us more self-sufficient and do our part to transition the world away from a reliance on fossil fuels. Importantly, Bill 22 will also help conserve fresh water on our island as we respond to drought and the recent pollution pressures at Red Hill on our aquifers, by eliminating water waste in our buildings and helping to stretch resources for our residents.

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Bill 22 is the most important climate and energy bill heard by this Council in 2022, and is critical to pass in its current form or stronger to ensure O’ahu meets the climate and clean economy goals we have established for ourselves. **Elemental Excelerator strongly supports the passage of Bill 22.**

Thank you for the opportunity to testify.



May 4, 2022

The Honorable Tommy Waters, Chair
The Honorable Esther Kia'aina, Vice-Chair
City Council
City and County of Honolulu
Honolulu, Hawaii 96813

RE: Bill 22 (2022) - Relating to Building Benchmarking

Aloha Chair Waters, Vice-Chair Kia'aina and Members of the Committee,

Thank you for allowing Hawaii'i Gas to provide testimony on Bill 22 (2022) in **support with an amendment** to the bill.

Despite representing less than 1% of the greenhouse gases emitted into Hawaii's atmosphere, Hawaii Gas is committed to doing our part to reduce the effects of climate change on our state and the planet, and we are making great strides. We already produce clean, renewable, affordable and reliable energy, including solar. Hawaii Gas currently generates Renewable Natural Gas (RNG) at the Honouliuli Wastewater Treatment Plant, as well as hydrogen at our Synthetic Natural Gas (SNG) facility in Campbell Industrial Park. We have been providing Hawaii residents and businesses a cleaner, more affordable energy choice for 115 years.

Implementation Timeline:

Hawaii Gas will be upgrading its Customer Information System which is scheduled to begin in the fourth quarter of this year. The upgrade is a major overhaul of the current customer data system and once completed will allow Hawaii Gas to provide more accurate gas customer data more efficiently to support the requirements of this ordinance. Hawaii Gas is respectfully asking the committee to amend the benchmarking schedule to allow us to work out any issues with the new system, train our internal staff on using the new system and address any challenges with providing legacy customer data.

This program transition will take time to be implemented correctly, and amending the benchmarking schedule will give Hawaii Gas a chance to provide clear and concise data which is a key cornerstone of benchmarking efforts.

<https://resilientoahu.org/municipal-operations-energy-dashboard>

To address this scope of implementation, Hawaii Gas proposes adopting the following amendments as described in Bill 22:



Sec. _-1 .1 Benchmarking Schedule.

*(a) The **initial** benchmarking reports for each covered property shall be filed in accordance with the schedule in the following table. Subsequent benchmarking reports for each covered property shall be due by June 30 of each year thereafter.*

<i>Property</i>	<i>Initial Reporting Date</i>	<i><u>Initial Reporting Date</u></i>
<i>Covered Properties \geq 100k sq. ft.</i>	<i>December 1, 2022</i>	<i><u>June 30, 2023</u></i>
<i>Covered Properties \geq 50k sq. ft.</i>	<i>June 30, 2023</i>	<i><u>June 30, 2024</u></i>
<i>Covered Properties \geq 25k sq. ft.</i>	<i>June 30, 2024</i>	<i><u>June 30, 2025</u></i>

Hawaii Gas appreciates the intent of this bill and the collaborative work the Office of Climate Change, Sustainability and Resiliency has done in conjunction with us and other stakeholders. By doing so, they have crafted a bill that is key to beginning to understand the usage of key resources across Oahu.

Based on our concern as described above, Hawaii Gas strongly urges you to **adopt our proposed amendment.**

Mahalo for your consideration.

HAWAII LEGISLATIVE
ACTION COMMITTEE


community
ASSOCIATIONS INSTITUTE

P.O. Box 976
Honolulu, Hawaii 96808

May 2, 2022

Chair Tommy Waters
City Council
City and County of Honolulu
530 South King Street, Suite #100
Honolulu, Hawaii 96813

Re: Bill 22 (2022) OPPOSE

Dear Chair Waters:

The Community Associations Institute, Hawaii Chapter ("CAI"), opposes Bill 22. This is so for several reasons. Without limitation, the bill is impractical, burdensome and without significant value.

CAI fully supports the 100% renewable energy goal. Bill 22 is not well-tailored to facilitate achievement of that goal.

Perhaps most glaringly, government is best positioned to interface directly with utilities to obtain the desired data. BWS knows how much water it delivers through a water meter. HECO knows how much electricity it delivers to an address.

The data is already available, then, in the aggregate form that government may wish to have for its purposes. Thus, there is no obvious point to a make-work project of this sort.

Bill 22 can only reasonably be understood as government pressing private entities into involuntary service, without a good reason.

If the thought is that associations will develop awareness of usage, then have BWS/HECO send usage reports to consumers. That would be useful.

Chair Tommy Waters

May 2, 2022

Page two

Forced conservation can be addressed at the rate-making level, or through other mechanisms; not by having associations undertake functions that are not germane to their proper role.

At the practical level, only some associations pay utilities at common expense. There is separate utility metering at many projects.

Thus, an association would have no way to know what any individual owner used.

Associations cannot reasonably be expected to round up every owner's electric/water bill. That will never happen in the real world for a variety of reasons.

Moreover, it would be an unwarranted administrative burden on associations to have to try. It would not be a proper function of a private entity to devote scarce resources to this task. Indeed, some associations would utterly lack the resources to perform the function.

If the bill proponents' response is: "Hire someone" then maintenance fees would rise. Core functions, like *actual* maintenance and repair of infrastructure, will suffer. There are distinct limits to what consumers can pay.

Unfunded governmental mandates hurt consumers. The fire sprinkler mandate has provided ample evidence of how burdensome such mandates can be.

Please, therefore, defer Bill 22.

Very truly yours,

Philip Nerney

Philip Nerney



TESTIMONY BEFORE THE HONOLULU CITY COUNCIL

BILL 22 - BUILDING BENCHMARKING

Wednesday, May 4, 2022
10:00 am
City Council Chamber

Michael Chang
Manager, Strategic Analytics
Hawaiian Electric

Chair Waters, Vice Chair Kiaaina, and Members of the Council:

My name is Michael Chang and I am testifying on behalf of Hawaiian Electric in support of Bill 22. Hawaiian Electric produces, purchases, and delivers the electricity which will be the predominate source of energy that property owners will required to obtain to support meeting their benchmarking reporting requirements under the ordinance proposed in Bill 22.

Building energy benchmarking will provide a positive contribution towards achieving increased energy efficiency and resiliency of participating buildings on Oahu. The process of benchmarking provides awareness to those involved in the capital investment and operations of the buildings and the public presentation of the results provides market-driven motivation required to take actions that reduce energy consumption and the utilization of renewable energy.

Hawaiian Electric has been in communication with the City's Office of Climate Change, Sustainability and Resiliency to understand the program, provide feedback and determine the systems, procedures, and ongoing support required to provide a positive

experience of data collection and reporting activities for the property owners and their agents.

We recognize that the property owners, who often may not be our direct customers, will be faced with a new and ongoing administrative burden to acquire and submit electricity data to the ENERGY STAR Portfolio Manager. One step property owners and Hawaiian Electric will face is to obtain and maintain authorizations by individual electricity customers for each TMK that fall below a yet to be determined anonymization threshold criteria.

Hawaiian Electric is committed to working with the various stakeholders in this process to identify an efficient method for compliance with the program and we will work with the Public Utilities Commission to identify the cost recovery mechanisms to deliver new services to support the building benchmarking activities. At this time, we estimate that it will require 6 to 9 months to identify and implement an automated process once the details of the program have been finalized.

Looking forward, Hawaiian Electric encourages the C&C of Honolulu to continue to coordinate with the State of Hawaii, Counties, and the various energy providers to ensure clarity and commonality between this benchmarking program and future proposed benchmarking programs.

Mahalo for the opportunity to provide testimony.



Before the Honolulu City Council
Wednesday, May 4, 2022 at 10:00am

Testimony on Bill 22 relating to Building Benchmarking.

Chair Waters, Vice Chair Kia'aina, Floor Leader Tupola and Members of the City Council:

Thank you for the opportunity to provide comments in support of Bill 22.

Hawai'i Energy works to empower island families and businesses on behalf of the Hawai'i Public Utilities Commission (PUC) to make smart energy choices to reduce energy consumption, save money, and pursue a 100% clean energy future. Energy efficiency is the cheapest option to help us achieve our 100% clean energy goal by eliminating waste and being more efficient. Hawai'i Energy provides technical and financial assistance to assist residents and businesses in becoming more energy efficient.

Hawai'i Energy applauds the City for taking the lead with the 2020 adoption of Ordinance 20-47 that established a municipal benchmarking policy for City facilities over 10,000 square feet. We support this bill's effort to establish a complementary building benchmarking program for commercial and multi-family buildings on O'ahu. Benchmarking is key for building owners and tenants to better understand how much energy and water they are using. Having good data is a gateway for owners to take advantage of energy- and water-saving measures, especially at this time when O'ahu is facing water and energy shortfalls along with rising energy prices.

Hawai'i Energy currently engages nonresidential building owners on a variety of levels to realize energy efficiency projects and has historically supported benchmarking for individual customers as well as make Hawai'i-specific benchmarking available to the public.

Hawai'i Energy is willing provide technical assistance, such as training programs, to impacted businesses required to complete benchmarking activities as it is aligned with our mission. Hawai'i Energy has been engaged with the City's Office of Climate Change, Sustainability and Resiliency on the rollout of the building benchmarking program and is willing to continue its work with stakeholders to come up with the most cost-effective implementation plan.

We appreciate the efforts made by the City Council and the City & County of Honolulu to promote energy efficiency. Thank you for the opportunity to testify on Bill 22.

Sincerely,
Caroline Carl
Executive Director
Hawai'i Energy



CITY COUNCIL
City and County of Honolulu
May 4, 2022, 10:00 A.M.

**TESTIMONY IN SUPPORT OF BILL 22 (2022),
RELATING TO BUILDING BENCHMARKING**

Aloha Chair Chair Waters, Vice Chair Kia'āina, and Members of the Council:

Blue Planet Foundation **supports Bill 22**, which will establish an island-wide building benchmarking and transparency requirement.

Since 2019, Honolulu has worked to implement various elements of the *O'ahu Resilience Strategy* and the *Climate Action Plan*, both of which serve as guiding documents for Honolulu to achieve its climate goals through concrete actions. These plans were developed through robust community engagement and laid out a number of strategies and actions critical to achieving our goal of carbon neutrality by 2045. Establishing a benchmarking and reporting requirement was identified as one such action. Bill 22 brings Honolulu a step closer to fulfilling the community's desire for continued progress on mitigating the effects of climate change.

Establishing a robust benchmarking framework is also one of 50 actions featured in Blue Planet's *Waypoints* (waypointshawaii.org) report, which outlines actionable programs and policies to rebuild from the pandemic through an equity, climate, and resilience lens. Not only can high-performing buildings lead to lower monthly utility bills, energy efficiency is also the cheapest, quickest, and cleanest way to accelerate Hawai'i's transition to 100% renewable energy.

The proposed benchmarking and reporting requirement has clear benefits to many stakeholders. Benchmarking will help building owners better understand how much energy and water their properties consume, which can spur them to take action to eliminate waste and lower costs. Benchmarking data enables city and state agencies to make effective use of their budgets and resources by strategically targeting efficiency rebates and incentives to low-performing buildings and buildings serving energy-burdened communities. For tenants, benchmarking provides valuable data that allows them to make informed decisions, recognize the value of efficiency in buildings, and better factor utility costs into their budgets when purchasing or renting property.

What's more, Bill 22 also comes at an opportune moment as local residents and businesses face mounting challenges with high energy costs and a shortage of water. The cost of electricity is expected to increase by about 10% on O'ahu over the next few months due to sanctions on Russian oil.¹ Electricity costs in Hawai'i are already the highest in the nation, and the scheduled

¹ Hawaiian Electric, *Driven up by Russian invasion, oil prices will push electric bills higher in coming months*, <https://www.hawaiianelectric.com/driven-up-by-russian-invasion-oil-prices-will-push-electric-bills->

increase will place greater burden on local families and businesses financially recovering from the pandemic. Locals are also facing a water crisis after the Board of Water Supply shutdown key wells to protect our water supply in response to leaking Navy fuel tanks. Drought conditions across the state are also exacerbating this crisis.

Benchmarking is an important policy because **you cannot manage what you do not measure**. By tracking and measuring our energy and water consumption, we can improve the efficiency of our buildings, lower utility expenses, and protect and conserve our limited supply of water.

Bill 22 in its current form proposes a basic program as a starting point that simply requires buildings to benchmark and report building performance data only. For context, nearly half of the roughly 40 cities that have already established benchmarking programs take their programs a step further by also requiring aggressive energy efficiency requirements, periodic energy assessments, audits, or tune-ups.² Bill 22, in contrast, is proposing just the first step of benchmarking and reporting. If the Council is contemplating any changes to Bill 22, those changes should be to strengthen rather than weaken the bill. If the City hopes to achieve its ambitious climate and clean energy goals, we cannot afford to step backward from this preliminary step.

Mahalo for the opportunity to provide testimony.

higher-in-coming-months (Mar. 10, 2022).

² See *Comparison of U.S. Commercial Building Energy Benchmarking and Transparency Policies*, Institute for Market Transportation, https://www.imt.org/wp-content/uploads/2015/09/Comparison-of-Benchmarking-Policies_October-2021.pdf (summarizing benchmarking policies across the U.S. and highlighting jurisdictions that require “additional elements” in addition to reporting requirements).



ALEXANDER & BALDWIN

Testimony in support of Bill 22, relating to Building Benchmarking

May 4, 2022

Dear Chair Waters and Members of the Council:

Thank you for the opportunity to provide testimony regarding Bill 22, which proposes the creation of a building benchmarking program within the City and County of Honolulu. Given the importance of benchmarking to achieving Hawaii's goals for reducing greenhouse gas emissions, Alexander & Baldwin supports the passage of Bill 22 with appropriate amendments, such as those that we have been discussing with the County Administration.

As part of the Hawaii community for over 150 years, A&B is committed to sustainability and preserving our island resources. We consider benchmarking to be an important tool to improve efficiency and combat climate change and recently incorporated benchmarking within our own commercial real estate portfolio. As such, we endorse efforts to create a benchmarking program that champions sustainability and is fair to all stakeholders.

We have been engaging constructively with the Office of Climate Change, Sustainability and Resiliency ("Resilience Office") on Bill 22 and commend its collaborative approach to design a program that moves Hawaii forward in the area of combatting climate change and can be embraced by all those who are affected by the new requirements.

In the interest of making the program as effective as possible in achieving climate objectives, we have shared the following points with the Resilience Office, and are optimistic that they will be considered as Bill 22 progresses:

- **Data gathering/management issues:** Success of the program will depend on the ability to gather the requisite data. There are challenges to gathering the building data, particularly in the case of large properties where building owners would be required to gather significant amounts of tenant data. While the City and County has been working with the utilities, they may not all have the capacity, at least at this time, to provide the necessary tenant information that is being required. Bill 22 as currently drafted makes owners responsible for collecting data where the utilities cannot provide it. Accordingly, this significant data-gathering burden, as well as the responsibility to verify and correct data, ultimately is placed on owners and will impact compliance feasibility and timing.
- **Significant penalties:** While fines are a reasonable approach to encourage compliance, the proposed fines, particularly the ongoing \$100/day, could add up quickly and create significant cost burdens for building owners, notwithstanding an earnest attempt by owners to comply. If an owner is working proactively to achieve compliance but facing challenges such as data availability, we would hope that consideration would be given to deferring fines and/or capping them.

- Fair public disclosure of data:
 - Benchmarking buildings can be complicated and even buildings in the same class may have different characteristics that can make fair comparisons between buildings difficult, particularly if disclosure is boiled down to a simple Energy Star Score.
 - For certain types of properties, like our retail portfolio, the large majority of energy and water usage is controlled by the tenant, thus improvements will take time and may require changes to leases that can only be made in a future lease renegotiations, making near-term score improvements difficult.
 - Disclosing energy information publicly, particularly if that information could be misleading, could harm owners unfairly. We encourage thoughtful implementation of any disclosure requirements to mitigate these unintended consequences.

We respectfully suggest the following changes that we believe will result in a substantive bill that drives the desired behaviors without harming businesses unfairly.

- Phase in compliance: Owners and the utilities will need time to put processes into place and to gather the required data. The current bill requires compliance for large building owners by the end of 2022. Extending the timetable for compliance would be welcomed.
- Cap penalties and recognize good faith efforts: Penalties should be capped at a reasonable dollar amount and applied only in cases where good faith efforts to comply have not been made.
- Disclose public data appropriately: Sharing energy/water efficiency information with the public to help them better understand a building's performance is important; however, the information should be useful, not misleading and provided in ways that are fair to building owners as well. We encourage a thoughtful and collaborative process that helps alleviate some of the concerns noted above yet still provides the public with useful and non-misleading information. Also, a meaningful time period should be provided prior to disclosure to ensure that the information being disclosed is an appropriate representation of building performance.

We welcome a continued productive collaboration with the City Council and the Resilience Office as we work to achieve our mutually desired goals to improve energy and water efficiency and combat climate change in ways that encourage and do not harm property owners.

Thank you again for the opportunity to provide testimony.

Alyson J. Nakamura
Vice President, Governance & Sustainability



**HONOLULU CITY COUNCIL
REGULAR COUNCIL MEETING
Honolulu Hale
10:00 am**

May 4, 2022

RE: Bill 22, Relating to Building Benchmarking

Chair Waters, Vice Chair Kiaaina, and members of the committee:

My name is Daryl Takamiya, 2022 President of the Building Industry Association of Hawaii (BIA-Hawaii). Chartered in 1955, the Building Industry Association of Hawaii is a professional trade organization affiliated with the National Association of Home Builders, representing the building industry and its associates. BIA-Hawaii takes a leadership role in unifying and promoting the interests of the industry to enhance the quality of life for the people of Hawaii. Our members build the communities we all call home.

BIA-Hawaii offers the following comments regarding Bill 22, Relating to Building Benchmarking. This bill would establish a building benchmarking and reporting requirement for all buildings exceeding 25000 sq. ft. to provide energy and water usage data.

While we understand the need for data collection with regards to energy and water usage, we have concerns on the administration and enforcement of this program. This mandate would require building owners to provide annual reports, which would need to be gathered and compiled by building owners, and includes significant penalties for non-compliance. On its surface, this new requirement seems straightforward, but because it is unclear what information needs to be provided and what standards, if any, building owners would need to meet, we are very concerned about the penalties. Mandates usually represent added cost and time to businesses, especially in this time of economic recovery and Hawaii's severe housing crisis.

Hawaii is in a major housing crisis, which has only worsened over time. Rather than placing further mandates on businesses, perhaps there are better ways to incentivize the market to move further in that direction, without negatively impacting local families. **The cost of housing in Hawaii is extremely high, with Oahu's median price of homes being currently over \$1 million.** Adding to the cost of business will further raise this price.

Thank you for the opportunity to share our concerns.



Kamehameha Schools®

City Council
City and County of Honolulu

Time: 10:00 a.m.
Date: May 4, 2022
Where: City Council Chamber

TESTIMONY
by Kau‘i Burgess
Director of Community & Government Relations

RE: **Bill 22 (2022) – Relating to Building Benchmarking**

Aloha e ka Luna Ho‘omalua Waters, ka Hope Luna Ho‘omalua Kia‘āina, a me nā Lālā o ka ‘Aha o ke Kūlanakauhale a me ke Kalana o Honolulu.

Kamehameha Schools offers comments on Bill 22, which seeks to establish a better buildings benchmarking and reporting requirement for energy and water usage of covered properties within the City.

We recognize the resilience of Hawai‘i’s communities directly impacts the ability of our keiki to succeed in their educational journeys and in life. For that reason, we have engaged in a variety of strategies to improve community resilience, including supporting more sustainable production and use of energy and water resources. As part of these efforts, Kamehameha Schools is an existing user of Energy Star Portfolio Manager, has conducted energy and water audits of buildings we manage, and is implementing projects to reduce energy and water use at various sites in our portfolio, such as our Kapālama campus.

Improving the efficiency of energy and water use across O‘ahu, particularly in our built environments, is essential to reach Hawai‘i’s sustainability goals. We believe that building benchmarking is a helpful tool to advance these goals. We urge the Council, however, to further refine this bill to ensure related data is efficiently and effectively aggregated and reported so that landowners, tenants, utilities, and regulators have accurate and complete information to support more sustainable use of energy and water resources in the future. We also encourage the Council to consider the impacts on the cost of doing business in Hawai‘i.

Kamehameha Schools stands ready to engage further with the Council, administration, and other stakeholders to ensure this bill creates a successful building benchmarking program that will support our collective sustainability efforts.

Founded in 1887, Kamehameha Schools is an organization striving to advance a thriving Lāhui where all Native Hawaiians are successful, grounded in traditional values, and leading in the local and global communities. We believe that community success is individual success,

Hawaiian culture-based education leads to academic success and local leadership drives global leadership. **Hānai i ke keiki, ola ka lāhui; Nurture the child and the people thrive.**



HawaiiCouncil.org
Educating Condo & Community Association Home owners since 1975

May 3, 2022

Hon. Tommy Waters, Chair
City Council, City & County of Honolulu

Re: Testimony in Re Bill 22 Relating to Building Benchmarking
Wednesday, May 3, 2022 @10 a.m.

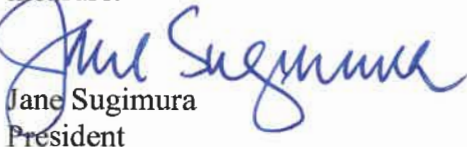
Chair Waters and members of the Council:

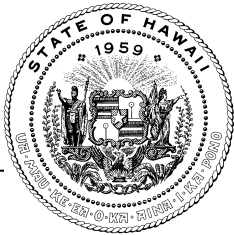
I am Jane Sugimura, President of the Hawaii Council of Association of Community Associations ("HCCA") and HCCA has concerns about Bill 22.

This bill would require condominiums and cooperative housing projects to prepare and file reports regarding their water and electricity usage. HCCA believes that this bill may be premature because most if not all the condos and co-op projects that will be required to do the reporting don't know about this bill.

- Under this bill, the boards of directors of condo and co-op projects will be responsible for preparing these reports to the City, however, the management companies that manage the day-to-day operations of condos and co-ops do not appear to know anything about this bill.
- Very few if any condos and co-op associations know about this bill and their site managers and/or resident managers don't know about this bill either.
- Until the management companies know how much time it will take to gather data and compile these reports and determine what they will be charging associations for preparing and filing these benchmarking reports, the affected associations cannot respond as to whether or not they support this bill
- Condos and co-op projects are already facing fiscal challenges trying to deal with substantial expense to comply with the City's fire safety ordinance, repair and maintenance aging of buildings and dealing with increasing costs due to supply-chain issues, and paying insurance premium increases of 30% -50% if they don't have a fire sprinkler system in high-rise buildings - and we know from the fire safety ordinance that that affects about 360 buildings in Oahu. They cannot afford to pay additional costs to do building benchmarking if to do so will be costly or burdensome. And they cannot submit the first report in December 2022 because their budgeting process for 2022 was completed last year and the new budgeting process for 2023 begins in September -October 2022.

I suggest that the Council defer action to allow condo and co-op associations to learn about these building benchmarking processes and the cost to comply with the law before you take action to pass such a law that may only increase the challenges affecting condos and co-ops. Thank you for allowing me to testify on this measure.


Jane Sugimura
President



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

DAVID Y. IGE
GOVERNOR

SCOTT J. GLENN
CHIEF ENERGY OFFICER

235 South Beretania Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone:
Web:

(808) 587-3807
energy.hawaii.gov

Testimony of **SCOTT J. GLENN, Chief Energy Officer**

before the **HONOLULU CITY COUNCIL**

Wednesday, May 4, 2022
10:00 AM
City Council Chamber

SUPPORT Bill 22 RELATING TO BUILDING BENCHMARKING.

Chair Waters, Vice Chair Kia'aina, and Members of the Honolulu City Council, the Hawai'i State Energy Office (HSEO) supports Bill 22 which establishes a better buildings benchmarking reporting requirement for energy and water usage of properties exceeding 25,000 gross square feet in total floor area within the City and County of Honolulu.

Benchmarking measures a building's energy use against comparable buildings. Hawai'i currently has policies in place to benchmark public facilities and buildings. For Hawai'i to reach its clean energy goals, large commercial and multifamily properties also must be required to benchmark their buildings. This will allow large commercial and multifamily building owners to understand their building's energy performance and identify areas where energy can be saved. Improvements can then be made to lower the cost of operating the building. In doing so, energy consumption will decrease.

According to the U.S. Department of Energy, "Commercial building energy performance benchmarking is a foundational element of an organization's energy management strategy - because you can't manage what you don't measure. Across many commercial building markets, the practice has become standard operating procedure as energy costs and associated environmental and sustainability issues have raised awareness around the importance of energy management." There are over 30

jurisdictions in the country that have adopted commercial building energy and transparency policies.

HSEO also believes that sharing benchmarking data can encourage the large commercial and multifamily buildings markets to recognize and reward energy efficiency while creating a continuous cycle of improvement and demand for high-performing buildings. To achieve Hawaii's clean energy goals and to lead by example, commercial buildings have and can continue to join the over 100 public buildings in Hawai'i that are ENERGY STAR labeled. HSEO supports benchmarking and data sharing, and is aware of concerns regarding confidentiality; HSEO supports measures to address this concern and is ready to collaborate with the City and County in implementation, looking at examples from other cities such as Miami, San Diego, and San Francisco on this measure, should it become law.

Thank you for the opportunity to testify.

May 3, 2022

Councilmember Tommy Waters, Chair
Councilmember Ester Kia'aina Vice Chair
City Council of Honolulu

RE: **Bill 22 – RELATING BUILDING BENCHMARKING**
Hearing date – May 4, 2022 at 10:00 A.M.

Aloha Chair Waters, Vice Chair Kia'aina and members of the committee,

Thank you for allowing NAIOP Hawaii to submit testimony providing **COMMENTS to Bill 22 – RELATING BUILDING BENCHMARKING**. NAIOP Hawaii is the Hawaii chapter of the nation's leading organization for office, industrial, retail, residential and mixed-use real estate. NAIOP Hawaii has over 200 members in the State including local developers, owners, investors, asset managers, lenders and other professionals.

Bill 22 seeks to establish a better building benchmarking and reporting requirement for all buildings in City and County of Honolulu (the "City") larger than 25,000 gross sf to provide annual reporting of total energy and water usage. Building benchmarking is the process of measuring a building's energy and water usage overtime, allowing owners and occupants to understand a building's performance relative to similar buildings and to identify opportunities to reduce energy waste and associated costs. Specifically, Sec. -1.2(b) on page 6 establishes that annual reporting must be of the aggregated total energy (and water) consumed by the property. The program will require large commercial and multifamily buildings (5 units or more) to measure and report energy and water usage annually, using the EPA's ENERGY STAR Portfolio Manager tool. NAIOP Hawaii has the following comments on the proposed measure.

First, Bill 22 mandates property owners gather and submit data for their properties. According to a recent report by the University of Hawaii Economic Research Organization, Hawaii already has some of the strictest housing regulations in the nation, contributing to higher prices and a shortage of affordable housing. Bill 22 would add yet another regulatory burden that would further delay the implementation of multifamily housing as well as other commercial development projects. Currently, developers are experiencing delays processing for housing projects by the City which is already under staffed. This requirement adds another burden on landowners which will further delay projects.

Second, the civil fine for violation of the data collection requirement is unduly harsh and unnecessary. In order to assure compliance, property owners could be required to pay a civil fine not to exceed \$500 and pay a civil fine in the amount of \$100 per day for each day the initial or updated benchmarking information is not reported to the department. Further, landowners may be subject to civil actions if the data is not provided even though it may be no fault of their own. The creation of fines is concerning as the collection of data could be a voluntary process which the landowners could collaborate with the City and the utilities to provide the information rather than a mandate.

Additionally, the fines are particularly concerning as the bill places the onus on property owners and AOAOs for compliance. For example, large projects with multiple units having separate meters for individual account holders will have difficulties collecting data from 100% of unit owners. Since Bill 22 imposes a monetary penalty for non-compliance, NAIOP Hawaii believes it is vital to ensuring our AOAOs are not set up for failure. We understand that the utilities are working on with OCCSR to create a needed mechanism that will allow AOAO's to, in a single simple request, obtain whole building aggregate data.

Third, it remains unclear as to how the data will be collected and utilized. This is especially concerning as the collected data may lead to inequities which favor projects that are able to be more energy efficient. Further, the data could be employed as basis for mandating energy efficient building policies which could further increase the cost for landowners across Honolulu or raise the cost of housing which will price out local residents. A requirement may be unnecessary at this time without further clarification as to the uses for the collected data.

Lastly, we are concerned with the impact that the requirement will have on affordable housing projects and our local residents. The measure fails to take into account affordability, income levels, and household composition of multi-family projects. Initial costs associated with mandate may disproportionately impact affordable housing owners. NAIOP Hawaii is concerned with the current misperception indicating the potential energy efficiency savings will offset the costs of implementation for the requirement. These unintended consequences are avoidable through other cost-effective methods which are voluntary and based on a landowners ability to collect the required data without civil fines.

Accordingly, NAIOP Hawaii appreciates the intent of Bill 22 and respectfully recommends the following:

1. Remove unduly harsh civil fines for noncompliance in providing the data.
2. Continue to utilize voluntary benchmarking program in collaboration with local utilities with added incentivizes for landowners to provide the data without a mandate.

Councilmember Tommy Waters, Chair
Councilmember Ester Kia'aina Vice Chair
City Council of Honolulu
Page 3

3. Consult with developers and management companies to: 1) determine initial costs of implementation and ability to collect data; and 2) conduct a cost benefit analysis for proposed recommendations to make projects energy efficient.

Thank you for the opportunity to testify on this measure and we look forward to working with all interest stakeholders to address this issue.

Mahalo for your consideration,

A handwritten signature in black ink, appearing to read 'J Camp', with a stylized flourish at the end.

Jennifer Camp, President
NAIOP Hawaii