

Auditor's Summary

Audit of the Hawai'i State Energy Office

Report No. 18-01

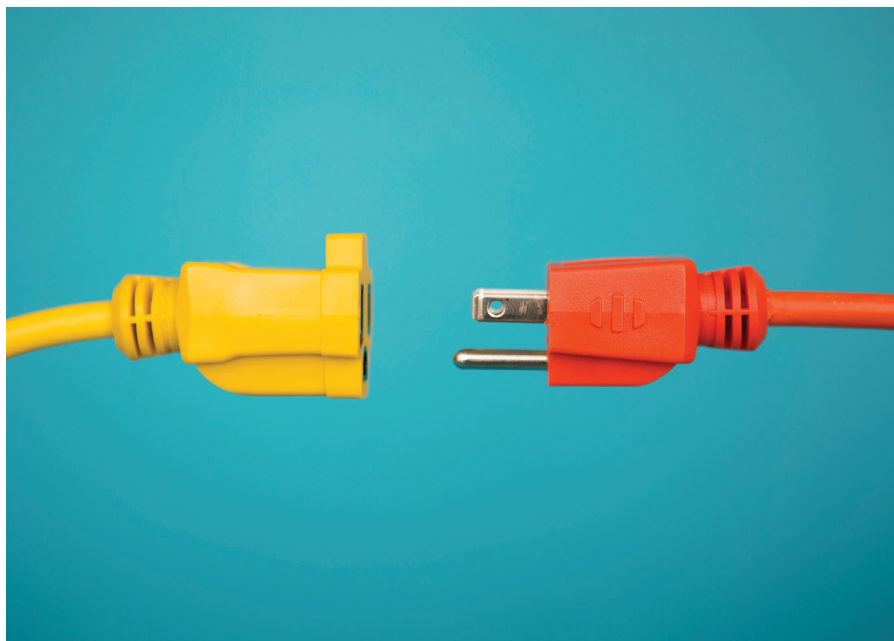


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IN REPORT NO. 18-01, *Audit of the Hawai'i State Energy Office*, we found that the Energy Office needs to better define its mission, role, and priorities within the State's energy independence effort. For instance, the Energy Office could not provide us with documentation that clearly articulates its projects' expected contributions to these goals, let alone the data that supports such accomplishments. We also found that the Energy Office's strategic plan includes goals and targets that are unrealistic and may be impossible to achieve. Reporting on its more achievable strategic goals, such as "photovoltaic capacity per capita," has been inconsistent.

Why did these problems occur?

Federal stimulus funding through the American Recovery and Reinvestment Act and ambitious State clean energy goals energized the Energy Office, nearly doubling its staff from 20 in 2009 to 35 in 2012. These also helped remake the office from an organization whose major functions included outreach, information dissemination, and training to one that could pursue a wide variety of clean energy initiatives, including environmental studies, grid improvements, permitting facilitation, and support of alternative vehicles. However, the stimulus funding expired in 2012, and while the Energy Office has made some staffing adjustments, they have not been nearly enough.

Why do these problems matter?

The Energy Office's personnel costs now account for more than 90 percent of the office's expenses. In FY2016, the Energy Office's expenses

exceeded its revenue by nearly \$600,000 — decreasing the Energy Security Special Fund balance to \$2.2 million. At its current rate of spending, the Energy Office is expected to substantially deplete the fund by FY2019. The Energy Office needs to better define its mission, role, and priorities in the State's energy independence effort, and together with the governor and the Legislature determine if the State can afford to pay for this effort.



Upping the Standards

In October 2008, the State of Hawai'i, the Hawaiian Electric Companies, and the State Consumer Advocate signed an energy agreement committing to Renewable Portfolio Standard goals of 25 percent by 2020, and 40 percent by 2030, as well as the development of an Energy Efficiency Portfolio Standard. By 2015, Hawai'i had greatly exceeded its interim targets for these goals, and the Legislature subsequently extended and updated the clean energy initiative and renewable portfolio standards by setting a goal that by 2045, each utility company that sells electricity for consumption in the State generate 100 percent of that electricity from renewable sources. Hawai'i is the first — and only — state in the nation to enact such an ambitious statutory provision.