

STATE OF HAWAII  
DEPARTMENT OF DEFENSE

TESTIMONY ON HOUSE BILL 1051  
A BILL RELATING TO ENERGY EMERGENCY PREPAREDNESS

PRESENTATION TO THE

COMMITTEE ON PUBLIC SAFETY

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

BY

MAJOR GENERAL ROBERT G. F. LEE  
DIRECTOR OF CIVIL DEFENSE

February 5, 2009

Chair Hanohano, Chair Morita, and Committee Members:

I am Bob Lee, Director of Civil Defense, State Department of Defense. I am providing written testimony in strong support of House Bill 1051.

As the lead State agency for energy preparedness, the Department of Business, Economic Development and Tourism (DBEDT) is responsible for up-to-date information, estimates, assessments of energy sector capabilities, the coordination of energy resources during emergencies and disasters, and for the development of strategic planning with regard to the restoration of energy facilities and systems following a major disaster.

House Bill 1051 will provide DBEDT the authority to obtain critical data and information from the various industries in the energy sector to perform the aforementioned responsibilities. This information is needed now to determine our statewide capabilities in energy preparedness and will be needed during and after disasters strike.

Please support this bill. Policies and key decisions in disaster management will depend on the accuracy of information received from Hawaii's energy sector.

Thank you for the opportunity to provide written testimony in strong support of this measure.



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of  
**THEODORE E. LIU**  
Director

Department of Business, Economic Development, and Tourism  
before the

**HOUSE COMMITTEE ON PUBLIC SAFETY**  
**HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION**

Thursday, February 05, 2009  
9:00 a.m.

State Capitol, Conference Room 325

in consideration of  
**HB 1051**  
**RELATING TO ENERGY EMERGENCY PREPAREDNESS.**

Chairs Hanohano and Morita, Vice Chairs Aquino and Coffman,  
Members of the Committees on Public Safety and Energy &  
Environmental Protection.

The Department of Business, Economic Development, and  
Tourism (DBEDT) strongly supports HB 1051, an administration  
bill, which comprehensively addresses deficiencies in Hawaii's  
Energy Emergency Preparedness (EEP) program. We are grateful  
that this bill is being heard by your committee.

A major statutory role of the Energy Resources Coordinator  
(ERC) is the administration, implementation, monitoring, and  
sustained operation of the State of Hawaii Emergency Support  
Function #12 (Energy). This function requires DBEDT during any  
energy emergency to gather and provide information to the  
Governor, other State agencies (including the Department of  
Defense), the Counties, and the Legislature as rapidly as

possible to support statewide emergency management. The current statute that supports this function, Chapter 125C, Hawaii Revised Statutes, does not enable DBEDT to develop a complete picture of the State's energy situation in an emergency. For example, current provisions of Chapter 125C, HRS, require only importers of fuel to provide emergency data reports, and only for supply and demand information. Current provisions of Chapter 125C, HRS, also do not require energy companies to report critical emergency preparedness and response information regarding current storage, transport, inventory, supply, demand, production and capacities, and other up-to-date aspects of their energy facilities and operations that are essential to the State's federally-mandated emergency management role, irrespective of these companies' import status.

HB 1051 allows the ERC to request and gather data and information from different energy suppliers such as the refineries, wholesalers, distributors, and the electric utilities, necessary to effectively carry out its role in an State energy emergency situation.

The information required in HB 1051 are also needed to support the planning function and the preparation of supplemental status reports that support the ESF-12 situational reports as described in The State of Hawaii Energy Emergency Preparedness Plan. The State EEP Plan was prepared was developed in compliance with Chapter 125C-31, HRS, with input and review by

members of both the Hawaii State Energy Council and the Governor's Energy Emergency Preparedness Advisory Committee, whose members include State agencies, the counties, military units, the Public Utilities Commission, FEMA, Hawaii's refineries, private utilities, and other energy suppliers, producers, transporters, distributors, and storers.

DBEDT has coordinated with Hawaii's energy companies during past energy emergencies, and has at times received critical data from them on a voluntary basis, but the current statutory limits on the type of data available to the ERC in an emergency brings with it higher risks and does not ensure that the ERC has the latest information resources necessary to fulfill its energy emergency preparedness roles and support statewide emergency response while being reliant on the goodwill of companies for critical energy data. The State should have the statutory authority to fulfill its legal obligations and provide the necessary critical information to key decision-making stakeholders in times of emergency.

Thank you for the opportunity to offer these comments.

# OFFICE OF INFORMATION PRACTICES

STATE OF HAWAII  
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To: House Committees on Public Safety and Energy and Environmental  
Protection

From: Paul T. Tsukiyama, Director

Date: February 5, 2009, 11:30 a.m.  
State Capitol, Room 309

Re: Testimony on H.B. 1051  
Relating to Energy Emergency Preparedness

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Thank you for the opportunity to submit testimony on H.B. 1051.

The Office of Information Practices ("OIP") takes no position on the substance of this bill. OIP and the Department of Business, Economic Development, and Tourism agreed to confidentiality language that satisfied both OIP's and DBEDT's concerns for a provision similar to proposed section 125C- (bill pages 10-12) last year. It appears that DBEDT has adapted that language to this provision, and the provision in the current bill is acceptable to OIP.

Thank you for the opportunity to testify.

Testimony before the  
House Committee on Public Safety and  
Energy and Environmental Protection

H.B. 1051 – Relating to Energy Emergency Preparedness

Thursday, February 5, 2009  
11:30 am, Conference Room 309

By Dean Mizumura  
Manager, Asset Management  
Hawaiian Electric Company, Inc.

Chair Hanohano, Vice Chair Aquino and Members of the Committee of Public Safety  
Chair Morita, Vice Chair Coffman and Members of the Committee of Energy and  
Environmental Protection

My name is Dean Mizumura and I am testifying on behalf of the Hawaiian  
Electric Company, Inc. and its subsidiaries, Maui Electric Company, Ltd. and Hawaii  
Electric Light Company.

This measure grants authority to the director of DBED&T to acquire, use and  
analyze information on Hawaii's energy resources, systems and markets to respond to  
and recover from an emergency. This would require information from a broad array of  
both private and public sector sources.

Hawaiian Electric appreciates and recognizes the importance of being prepared to  
respond to emergency situations and the need for close coordination with state and  
county agencies. However, we have very strong reservations regarding the information  
that is being requested. Not all is relevant to the stated purpose of this measure. This  
request for information goes beyond what would be required to manage an energy  
emergency. It involves detailed operational and customer information on command and  
control centers, load control schemes and customer utilization of electricity that is of little  
or no use for the evaluation of energy shortages. In addition, this is highly sensitive  
information. It involves the data we use to monitor and control generation and  
transmission of electricity within our grid. Security is essential to prevent cyberterrorism,  
and the more broadly this information is shared the greater the risk of misuse.

During emergency situations, we work closely with state and county agencies  
such as State Civil Defense and the Department of Emergency Management to ensure  
that everyone is informed of what the Companies are doing and to respond to questions  
or inquires they may have. HECO is the leading private sector company supporting the  
emergency preparation efforts of the State Civil Defense and the Department of  
Emergency Management.

HPD and HFD also partner with HECO by assigning personnel to be present at HECO's dispatch center to stay abreast of a developing situation. In addition, HECO personnel are assigned as liaison to state and city civil defense centers whenever our incident command team is activated. We will continue to give attention to these working relationships and are always open to suggestions in improving the communications between key state and city agencies.

Some of the requested utility information is currently being provided to DBED&T by the Public Utilities Commission. Accordingly, this measure would be duplicative of communications channels already established. Furthermore, energy, fuel, cost and generation capacity information is provided to the Public Utilities Commission, and that information may be shared with DBED&T at the PUC's discretion.

The proposed measure provides the Director of DBED&T with full discretion and authority to require any information pertaining to the utility at any time and within a prescribed time frame as determined by the Director. This appears to be much broader authority than required for emergency purposes. We have concerns that this broad requirement could result in an administrative burden for the utilities, duplicate efforts already in place with the PUC, and add little if any value to the state's ability to respond to an emergency.

Hawaiian Electric Company, Inc., Maui Electric Company and Hawaii Electric Light Company are active participants in the Energy Council which is lead by DBED&T to address energy shortages or emergencies and where time is of the essence. The Energy Council is one of the emergency support functions, ESF-12, under the State Civil Defense umbrella. This proactive relationship has been in place for many years. It functions very effectively and addresses the needs that are identified in this bill. Thus, there is no need to overlay another process at this time.

We respectfully recommend that H.B. 1051 be held at this time for further consideration and discussion, of its relationship to existing information channels, reporting obligations, and security sensitivities. In the alternative, we recommend that specific sections and language pertaining to utilities from the proposed measure be deleted as the information requested is overbroad and irrelevant to the purpose of this bill.



**Western States Petroleum Association**

February 5, 2009

11:30 a.m.

House Public Safety Committee and  
Energy & Environmental Protection Committee  
Room 309

Re: HB 1051 Relating to Energy Emergency Preparedness

Western States Petroleum Association is a non-profit trade association representing a broad spectrum of petroleum companies in Hawaii and five other western states.

We are respectfully opposed to HB 1051 in its current form.

Petroleum companies in Hawaii and elsewhere in the U.S. are required to provide an enormous amount of information – some of it proprietary and competitively sensitive – to a long list of state and federal agencies. For example, these companies provide more than 42 separate reports containing large amounts of information to the U.S. Energy Information Administration on a weekly, monthly and annual basis.

In Hawaii, members of the petroleum industry participate in the state's Energy Council. Recently, the industry members successfully contributed to the council's understanding of and handling of the electricity black out on Oahu.

The petroleum industry in Hawaii is already required to comply with the Petroleum Industry Monitoring and Reporting Act, submitting volumes of information on at least 23 different aspects of their business activities, to the Public Utilities Commission. Providing this information on weekly and monthly reports consumes a considerable amount of time and resources.

The PUC has the authority to review the information and provide comments, conclusions and analysis, while preserving the confidentiality of competitively sensitive and proprietary information. We are concerned that additional reporting requirements will not enhance the state's ability to gather information, but it will create additional burdens on the industry and expose potentially sensitive information to additional agencies that would be required to maintain that information's confidentiality.

The purpose of requiring additional disclosure of competitively sensitive industry information is ostensibly to address emergency preparedness. However, we believe this kind of information is already disclosed in a variety of ways to government authorities and no additional laws are required.

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Petroleum companies are understandably concerned that competitively sensitive information be treated as such and that WSPA members want to ensure that the state's reporting requirements do not result in disclosure of competitively sensitive information that could lead to market distortions and negatively impact the companies and consumers. We note that although this bill has confidentiality language, we would want any such provisions to, at a minimum, be consistent with that agreed to by the PUC.

Thank you for the opportunity to testify.