

SB 1258

**TESTIMONY OF CARLITO P. CALIBOSO
CHAIRMAN, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
SENATE COMMITTEES ON ENERGY AND ENVIRONMENT;
WATER, LAND, AGRICULTURE, AND HAWAIIAN AFFAIRS;
AND
COMMERCE AND CONSUMER PROTECTION
FEBRUARY 10, 2009**

MEASURE: S.B. No. 1258
TITLE: Relating to Renewable Energy

Chairs Gabbard, Hee and Baker, and Members of the Committees:

DESCRIPTION:

This bill includes various amendments related to renewable portfolio standards, net energy metering, the energy resources coordinator, renewable energy resources, the renewable energy facilitator, and renewable energy permitting, which are intended to increase the production and use of renewable energy in the state.

POSITION:

The Public Utilities Commission ("Commission") has no objections to this measure, except to request a correction to what appears to be an inadvertent amendment that would insert a provision that was previously removed from the law.

COMMENTS:

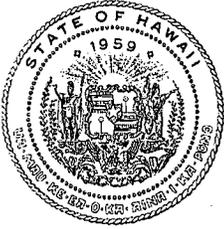
This bill appears to erroneously include the following provision which would require the Commission to develop and implement a utility ratemaking structure that would:

"(c) Ensure that the electric utility companies' profit margins do not decrease as a result of the implementation of the proposed ratemaking structure;"

It is not necessary to guarantee that profit margins are not decreased as long as electric utility companies are given an opportunity to earn a fair rate of return. The guarantee of a particular profit margin contravenes well-established public utility regulation ratemaking principles,¹ which generally hold that electric utility companies should be provided an opportunity to earn a fair rate of return, not a guaranteed rate of return. Therefore, this amendment to HRS section 269-95 is not necessary, and should not be included.

Thank you for the opportunity to testify.

¹ See, *Bluefield Waterworks & Improvement Co. v. Public Service Comm'n of W. Virginia*, 262 U.S. 679, 43 S.Ct. 675 (1923); *Federal Power Comm'n v. Hope Natural Gas Co.*, 320 U.S. 591, 64 S.Ct. 281 (1944); *Market St. Ry. Co. v. Railroad Comm'n of California*, 324 U.S. 548, 65 S.Ct. 770 (1945); *Duquesne Light Co. v. Barasch*, 488 U.S. 299, 109 S.Ct. 609 (1989).



**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
SENATE COMMITTEE ON ENERGY AND ENVIRONMENTAL,
SENATE COMMITTEE ON WATER, LAND, AGRICULTURE, AND HAWAIIAN
AFFAIRS,
AND
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Tuesday, February 10, 2009
3:20 p.m.
State Capitol, Conference Room 225

in consideration of
SB 1258
RELATING TO RENEWABLE ENERGY.

Good afternoon, Chairs Gabbard, Hee, and Baker, Vice Chairs English, Tokuda, and Ige,
and Members of the Committees.

Senate Bill 1258 establishes comprehensive measures for increasing the production and use of renewable energy in the State. The Department of Business, Economic Development, and Tourism (DBEDT) strongly supports this bill, and would like to offer a couple of suggestions to the Committees to improve two sections of the bill.

SB 1258 will help achieve Hawaii's transformation to a clean energy economy and the increased use and development of renewable energy resources that will greatly benefit the State's economy, environment, energy security and sustainability in many ways including achieving the following:

1. Energy security through reduced reliance on imported oil supplies and exposure to the volatile prices of the world oil market;
2. Risk management by increased diversification of the electricity generation portfolio;
3. Economic benefits including increased quality job creation, economic development and diversification, and fewer dollars leaving Hawaii's economy;
4. Reduced greenhouse emissions and the attendant negative impact on climate change, global warming, and Hawaii's environment.

The significance of this bill towards achieving Hawaii's energy goals cannot be overstated. Any new fossil fuel-based generation installed in the future will have a useful lifetime of 30 to 50 years or more, which will perpetuate Hawaii's dependence on imported oil, compromising Hawaii's future energy security and sustainability as well as the attendant negative impact on Hawaii's economy and environment. Furthermore, the price risks of Hawaii's heavy dependence on imported fossil fuel for electricity generation are currently borne entirely by Hawaii's consumers. To the extent possible, future requirements for additional energy must be met by electricity generation and biofuel production from renewable resources.

In particular, this bill lays out a number of important and achievable measures which codify elements of the Energy Agreement between the State and Hawaiian Electric (HECO) companies which evolved under the auspices of the Hawaii Clean Energy Initiative (HCEI). The HCEI is a long-term partnership between the State of Hawaii and the U.S. Department of Energy (USDOE), launched in January 2008, and aimed at transforming Hawaii to 70 percent clean renewable energy-based economy by 2030. Hawaii is currently dependent on imported fossil fuels for over 90 percent of its energy needs, which continue to imperil the State's economy and energy security to the volatility of the global oil market.

The first major area this bill addresses is strengthening the Renewable Portfolio Standard (RPS). In Section 1 the bill amends Section 269-91, Hawaii Revised Statutes, to require that starting in 2015 electrical energy savings and efficiency measures will not count towards the RPS. In Section 2 the bill amends Section 269-92, Hawaii Revised Statutes, to change the amount of net electricity sales required to be generated from renewable sources from the current goal of twenty per cent to twenty-five per cent by December 31, 2020; and by adding the RPS goal of forty per cent by 2030. The bill retains the current RPS goals of ten percent in 2010, and fifteen percent in 2015, but requires that the RPS goals beginning in 2015 will only include electric energy generation from renewable resources. The electric energy savings from energy efficiency measures and technologies including displacement technologies will no longer count towards the RPS goals beginning in 2015.

Section 2 further strengthens the achievement of the State's RPS goals, by prohibiting the Public Utilities Commission (PUC) to issue permits for any additional fossil-based generation units with rated capacity greater than two megawatts. While DBEDT strongly supports the intent

of this section of the bill, we would like to note that the PUC is not the permitting agency for utility generation units. Instead, the utilities must apply for PUC approval to build and expend capital funds on system infrastructure including the construction of generation units. We therefore respectfully recommend changing the language in the bill to prohibit the PUC from approving utility applications to build new additional fossil-based electric generation units with rated capacity greater than two megawatts, such as used in the Senate Bill 870.

A second major area which this bill addresses is net energy metering. This bill enhances the net energy metering provisions of Chapter 269, Hawaii Revised Statute, by giving the PUC the authority to eliminate the caps and limits on the capacity size of eligible customer-generators and to allow the utilities to assign eligible customer-generators to other applicable tariffs such as feed-in tariffs to promote the increased use and development of customer-sited renewable energy systems and technologies. These proposed amendments to the net energy metering statute are consistent with the parties commitments included in the Energy Agreement between the State and HECO companies.

Another major provision in this bill which supports the achievement of the HCEI goal is the creation and designation of renewable energy zones to increase the use and development of renewable energy resources, as well as the identification and qualification of transmission projects and infrastructure crucial to the development of renewable energy resources, and which should receive assistance in accessing the use of special purpose revenue bonds for financing. We strongly support the bill's proposed inclusion of these statutory functions of creating and designating renewable energy zones, and identifying, qualifying, and assisting access to the use of special purpose revenue bonds to finance, transmission projects and infrastructure, in the

Energy Resources Coordinator's statutory roles and functions as established in Section 196-4, Hawaii Revised Statutes.

The creation of renewable energy zones and construction of transmission projects and infrastructure are vital elements in the transformation of Hawaii's economy from one that is heavily dependent on imported fossil fuel for over 90 per cent of its energy to one that is 70 percent powered by clean indigenous renewable energy.

The statutory functions and activities of the Energy Resources Coordinator already include preparing energy studies and analysis, including the collection, development and management of energy data. The Energy Resources Coordinator's relationships and partnerships with federal entities and national laboratories such as the US Department of Energy and the National Renewable Energy Laboratory will effectively enable the collection and analysis of data and information necessary in identifying geographic areas that are rich with renewable energy resource potential that may be designated as renewable energy zones. Likewise, these links will also enable the Energy Resource Coordinator to most effectively identify and qualify transmission projects and infrastructure crucial to the development of renewable energy resources, and to assist them with access to the use of special purpose revenue bonds for financing.

DBEDT supports the amendment offered in Section 8 of this bill to expand the definition of "qualified business" in Section 209E-2, Hawaii Revised Statutes, to include enterprises engaged development or production of various types of renewable energy which may qualify for State enterprise zone tax incentives and regulatory flexibility which stimulate business, agricultural, and industrial growth in areas that would result in neighborhood revitalization.

Adding other forms of renewable resources including sun, falling water, biogas, geothermal, ocean water, currents, and waves, biomass, biofuels and hydrogen production from renewable energy sources into the Enterprise Zone (EZ) program is a good fit with the current approved business activities which presently includes wind energy production. The incentives provided for in the EZ program such as the construction GET exemption and various county benefits will provide the impetus to help attract these businesses to Hawaii. The need to move forward on alternative energy development is imperative to Hawaii's future energy security, and the addition of alternative energy activities into the EZ program will help to add further impetus to the progress we are pursuing.

Another major issue addressed by this bill is renewable energy projects' permitting and facilitation. DBEDT supports Sections 9 and 10 of this bill which offer amendments to Section 201-12.5 and Sec 201N, Hawaii Revised Statutes, to further effect the achievement of Hawaii's energy independence through increased use and development of renewable energy resources. The bill proposes to expand the duties of the renewable energy facilitator by specifying the inclusion of renewable energy facilities' land parcels, production structure or equipment, energy transmission lines, and on-site infrastructure necessary for production of renewable energy, in the definition of renewable energy projects that are qualified for the facilitator's services.

DBEDT also supports the bill's proposed amendment to Section 201N, Hawaii Revised Statutes, to enable renewable energy facilities between five and two hundred megawatts and biofuel production facilities to apply to the Energy Resource Coordinator for approval to receive permitting process assistance from the renewable energy facilitator. DBEDT however, would

like to suggest that the bill specifies the minimum capacity size of the qualifying biofuel production facility to be at least one million gallons per year, such as used in SB 870.

This bill also speeds and clarifies the expediting process for renewable energy facilities permitting by amending Section 201N-4, Hawaii Revised Statutes. DBEDT strongly supports the proposed amendments.

Hawaii can achieve all of the goals and requirements set by this bill, which will facilitate the development of a secure, renewable energy economy that keeps in Hawaii the billions of dollars annually being lost to fossil fuel sources overseas, and which will deliver strong growth of green, high-quality jobs, businesses, and income, technological innovation and advancement, and reduced greenhouse gas emissions for a cleaner environment, to our people. The islands of Hawaii are blessed by an abundance of renewable energy resources from the sun, wind, ocean, and earth. The sun provides us abundant and free energy resource for solar water heating and for photovoltaic generation of electricity. Assessment of opportunities to harvest our ample wind and bioenergy resources have been identified and continued to be updated. The use of wave energy for electricity generation is being tested and explored, and we possess extensive and as yet untapped geothermal resources on the Big Island.

In conclusion, this bill will go a great distance to substantively enable the achievement of the State's goal of a secure, clean energy future via increasing the use and development of renewable energy resources.

Thank you for the opportunity to offer these comments.

**Testimony before the
Senate Committees on

Energy and Environment,
Water, Land, Agriculture, and Hawaiian Affairs,
and
Commerce and Consumer Protection**

S.B. 1258 – Relating to Renewable Energy

Tuesday, February 10, 2009
3:20 pm, Conference Room 225

By Arthur Seki
Director of Technology
Hawaiian Electric Company, Inc.

Chairs Gabbard, Hee and Baker, Vice Chairs English, Tokuda and Ige and members of the Committees:

My name is Arthur Seki—I am the Director of Technology at Hawaiian Electric Company. I am testifying on behalf of Hawaiian Electric Company (HECO) and its subsidiaries, Maui Electric Company (MECO) and Hawaii Electric Light Company (HELCO) hereinafter collectively referred to as HECO Utilities.

We support S.B. No. 1258, to align Hawaii's energy policy laws with the State's clean energy goals.

We respectfully offer a few amendments to Part I of the bill on Renewable Portfolio Standards ("RPS"), where the bill proposes to modify the definition of "renewable electrical energy" under Hawaii Revised Statutes ("HRS") § 269-91. Under the proposed change to section (2) of the definition, electrical energy savings would not count towards RPS starting on January 1, 2015. Those savings include "customer-sited, grid-connected renewable energy systems." Without clarification, this language could mean that generation of renewable energy using photovoltaic systems would no longer count toward RPS from 2015. Therefore, we suggest that the language be clarified (**in bold**) as follows:

- (2) Electrical energy savings brought about by the use of renewable displacement or off-set technologies, including solar water heating,

seawater air-conditioning district cooling systems, solar air-conditioning, and customer-sited grid-connected renewable energy systems; provided that, beginning in 2015, electrical energy savings brought about by the use of renewable displacement or off-set technologies, except those savings brought about by the use of customer-sited, grid-connected photovoltaic systems, shall not count towards the renewable energy portfolio standards; or

In addition, we suggest the following clarifying language (**in bold**) to distinguish the reference to “electrical energy savings” in the new language in section (3) from its reference in section (2):

(3) Electrical energy savings brought about by the use of energy efficiency technologies, including heat pump water heating, ice storage, ratepayer-funded energy efficiency programs, and use of rejected heat from co-generation and combined heat and power systems, excluding fossil-fueled qualifying facilities that sell electricity to electric utility companies and central station power projects[-]; provided that, beginning in 2015, electrical energy savings brought about by the use of energy efficiency technologies shall not count towards the renewable energy portfolio standards.

As you are aware, the HECO Utilities are committed to increasing the amount of renewable energy from sustainable resources in order to reduce Hawaii’s dependence on imported oil. There have been a number of renewable energy projects and initiatives related to renewable energy that we have undertaken:

- Integrated wind generated electricity from 3 new wind farms--Hawi (10 MW) and Pakini Nui (20 MW) at South Point on the Big Island and Kaheawa (30 MW) on Maui;
- Negotiating for new contracts related to wind on Maui and Oahu, solar and geothermal on the Big Island and ocean energy for Oahu and Maui;
- Short-listed renewable energy projects from the HECO 100 MW RFP for Oahu;
- Installing the 2009 power plant (100 MW) at Campbell Industrial Park to be 100% biofueled;

- Conducting wind integration study on Maui;
- Conducting wind and solar integration study for Big Wind from the neighbor island to Oahu;
- Planning for a 30-day test at Kahe 3 biofuel co-firing demonstration in a steam boiler generating unit for late 2009;
- Provided 2 years of seed funding to the Hawaii Agriculture Research Center (“HARC”) and the agriculture departments at the University of Hawaii’s Manoa and Hilo campuses to conduct biofuel crop research and a 3rd to follow this year; and
- Evaluating micro-algae for biofuels and ocean energy projects.

In conclusion, the HECO Utilities support S.B. No. 1258 with the above amendments.

Passage of this bill would provide further guidance and strong support for our concerted efforts to have continued growth in the use of renewable energy throughout the State.

Thank you for the opportunity to testify.

**SB 1258
RELATING TO RENEWABLE ENERGY**

**PAUL T. OSHIRO
MANAGER – GOVERNMENT RELATIONS
ALEXANDER & BALDWIN, INC.**

FEBRUARY 10, 2009

Chair Gabbard, Chair Hee, Chair Baker, and Members of the Senate Committees on Energy & Environmental Protection, Water, Land, Agriculture & Hawaiian Affairs, and Commerce & Consumer Protection:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) and its agricultural company Hawaiian Commercial & Sugar Company on SB 1258, "A BILL FOR AN ACT RELATING TO RENEWABLE ENERGY."

Hawaiian Commercial & Sugar Company (HC&S) has been in operation for over 125 years. While Hawaii's many other sugar companies have shut down over the years, HC&S has been fortunate, through significant investments in our agricultural infrastructure and operations and the implementation of our diversified bio-production program, to have sustained our operations and continue as a major employer in the State of Hawaii. Today, as we face increasingly lower margins from raw sugar production because of flat commodity prices along with increasing production costs, HC&S is in the process of transitioning from a primary producer of commodity sugar into the production of specialty sugar and bio-based products. In addition to being the sole supplier of Sugar In The Raw, the little brown packets of sugar seen at restaurants and

coffee shops across the nation, HC&S is also expanding production of our specialty Maui Brand Sugar.

In addition, HC&S generates biomass produced electricity for its sugar milling, irrigation pumping, and other internal operations and also provides electricity to Maui Electric Company (MECO). This biomass electricity is primarily produced by burning bagasse, the residual fiber of the sugar cane plant, as a fuel to generate steam for the production of power. In addition to providing approximately 7% of MECO's electricity, HC&S also serves as a firm power source to MECO, and has played a significant role in the restoration of MECO's electrical service during power outages.

Section 2 of this bill includes a provision to prohibit the Public Utilities Commission (PUC) from issuing permits to build new additional fossil based electric generation units with rated capacity greater than two megawatts. HC&S presently produces renewable energy primarily from sugar cane biomass, supplemented by fossil fuels, which is used to provide the energy needs for HC&S with the balance transmitted to MECO for their distribution and use. While HC&S's biomass power generating facilities are fueled primarily by sugar cane bagasse, there is a need for these generating facilities to periodically burn an amount of fossil fuels to maintain stable boiler operations (biomass fuel quality can vary depending on harvesting and mill operations), to remain in compliance with air emission regulations, and to meet power commitments, particularly during the off season maintenance period when bagasse is not available. We respectfully request that the following amendment be incorporated into provisions contained in Section 2 to exclude biomass electric generating units from this subsection:

- (4) The public utilities commission shall not issue permits to build additional fossil-based electric generation units with rated capacity greater than two megawatts; **provided that this section shall not apply to electric generation units in which the annual actual heat input from biomass fuels exceeds the annual actual heat input of fossil fuels.**

Your consideration to incorporate the above mentioned amendment into this bill is sincerely appreciated. Thank you for the opportunity to testify.

Testimony on
**S.B. NO. 1258 –
RELATING TO RENEWABLE ENERGY**

Before the

Senate Committee on Energy and Environment;
Senate Committee on Water, Land, Agriculture, and Hawaiian Affairs; and
Senate Committee on Commerce and Consumer Protection
Tuesday, February 10, 2009, 3:20 p.m., Conference Room 225

By

David Rezachek, Consultant
Honolulu Seawater Air Conditioning LLC

Good afternoon Chairs Gabbard, Hee, Baker; Vice Chairs Coffman, Tokuda, and Ige; and members of the Committees. My name is David Rezachek and I am testifying on behalf of Honolulu Seawater Air Conditioning, LLC (HSWAC).

HSWAC has previously stated its objection to removing renewable energy electricity displacement technologies from the State's renewable energy portfolio standard.

S.B. 1258 proposes to do just that by 2015 without any guarantee that an energy efficiency portfolio standard would be in place, or that any of the renewable energy electricity displacement technologies, such as SWAC, would be included.

HSWAC has also expressed other concerns about trying to redefine SWAC, solar water heating, and solar air conditioning as something other than renewable technologies.

Therefore, HSWAC **cannot support** Part I of this bill as it is currently written.

Part III of this bill provides a list of methods that the Energy Resources Coordinator can use to assist renewable energy development in Hawaii. It is not clear if this assistance would apply to renewable energy electricity displacement technologies. **HSWAC respectfully requests that these technologies be included in this Part.**

Part IV of this bill adds a variety of renewable energy technologies to the definition of “qualified business” under the State’s enterprise zone program. HSWAC supports the intent of this Part. HSWAC assumes that SWAC is included as thermal energy from a renewable resource (ocean water). **HSWAC would appreciate a confirmation of this interpretation.**

Parts V and VI, of this bill, facilitate the permitting of renewable energy facilities. **HSWAC respectfully requests that these sections be amended to provide similar assistance to renewable energy electricity displacement technologies.**

HSWAC respectfully requests that this bill be deferred until:

- (1) there is agreement on consistent definitions of “renewable energy” and “energy efficiency” in proposed legislation and in the Hawaii Revised Statutes;
- (2) any changes in the RPS, and the establishment of an energy efficiency portfolio standard, occur together; and
- (3) economic, siting, and permitting assistance is provided to all renewable energy and energy efficiency technologies on an equitable basis and without regard to technology type and/or project size.

HSWAC would be happy to work with other stakeholders to accomplish these objectives.

Thank you for this opportunity to testify.

SB 1258

RELATING RENEWABLE ENERGY

**JOEL K. MATSUNAGA
CHIEF OPERATING OFFICER & EXECUTIVE VP
HAWAII BIOENERGY**

FEBRUARY 10, 2009

Chairs Gabbard, Hee and Baker, and Members of the Senate Committees on Energy and Environment; Water, Land, Agriculture and Hawaiian Affairs; and Commerce and Consumer Protection:

I am Joel Matsunaga, testifying on behalf of Hawaii BioEnergy on SB 1258, "Relating to Renewable Energy".

SUMMARY

Hawaii BioEnergy ("HBE") supports SB 1258 in its intent to help move Hawaii toward a sustainable energy future by encouraging the development of renewable energy resources in the State. In particular, as a Company looking to produce biofuels and energy from biomass, HBE supports the specific changes to Sections 10 and 11 proposed in SB 1258 for the specific inclusion of biomass and biofuels.

HAWAII BENEFITS FROM LOCAL ETHANOL PRODUCTION

Hawaii BioEnergy is a local company with a mission to help Hawaii toward a sustainable energy future through the production of biofuels from locally grown feedstocks and renewable energy from biomass. Among its partners are three of the larger land owners in Hawaii who control in total over 430,000 acres of land. HBE and its partners would like to use significant portions of their land to address Hawaii's energy needs. Since its inception in 2006, HBE has been researching various biofuels and

biomass alternatives to clearly evaluate their relative suitability and sustainability based on Hawaii's natural resource base, climate, market and infrastructure.

One of those alternatives which HBE is currently considering is locally produced ethanol from sugar cane, sweet sorghum, or other crops that can be processed into ethanol. The production of ethanol in Hawaii will provide its residents with better energy security, create a significant number of jobs, reduce the burning of fossil fuels, and retain dollars in the State's economy rather than sending them overseas. Based on an independent analysis commissioned by HBE, it's projected that a large scale agricultural operation along with an ethanol facility could provide up to 1,400 new jobs and over \$115 million in added value in the State.

In addition to the economic benefits of local ethanol production, Hawaii would benefit greatly from the energy security that would result from having a significant portion of its energy needs met by locally grown feedstocks. In addition to the energy security, ethanol from locally grown feedstocks will also help to reduce the severe volatility of energy prices associated with the price of fossil fuels as they fluctuate with world demand and politics.

SB 1258 recognizes the importance of improving Hawaii's energy security and recognizing the economic benefits that accrue to the State's residents from the job creation and other economic benefits that result from locally produced renewable fuel sources.

CONCLUSION

HBE is moving forward with projects that will help to address Hawaii's energy future and believes that SB 1258 will encourage the development of renewable energy sources in Hawaii.

Based on the aforementioned, Hawaii BioEnergy respectfully requests your support for SB 1258.

Thank you for the opportunity to testify.

GOODSILL ANDERSON QUINN & STIFEL

A LIMITED LIABILITY LAW PARTNERSHIP LLP

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MEMORANDUM

TO: Senator Mike Gabbard
Chair, Committee on Energy and Environment

Senator Clayton Hee
Chair, Committee on Water Land, Agriculture, and Hawaiian Affairs

Senator Rosalyn H. Baker
Chair, Committee on Commerce and Consumer Protection

Via email: ENETestimony@Capitol.hawaii.gov

FROM: Gary M. Slovin

DATE: February 9, 2009

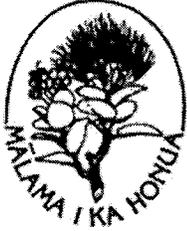
RE: SB 1258 – Relating to Renewable Energy
Hearing: Tuesday, February 10, 2009 at 3:20 p.m.

Dear Chairs Gabbard, Hee and Baker and Joint Committee Member:

I am Gary Slovin, testifying on behalf of Covanta Energy Group, the operator of the HPOWER waste-to-energy facility at Campbell Industry Park.

Covanta Energy, the operator of the HPower facility in Campbell Industrial Park, would like to comment on S.B. No. 1258. In Section 1 of the bill, the definition of renewable energy is modified, in part, by deleting the word “municipal” from the term “municipal solid waste”. The term “solid waste” is much broader than the term “municipal solid waste”. The term “municipal solid waste” is a term of art and is in widespread use. Changing the definition in this way would, in the context of the bill, include medical waste and hazardous waste as a renewable energy resource and may have other unintended consequences as well. We feel that the term “municipal solid waste” should be retained.

Thank you for the opportunity to testify.



Sierra Club Hawai'i Chapter

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**SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
SENATE COMMITTEE ON WATER, LAND, AGRICULTURE, AND HAWAIIAN
AFFAIRS
SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION**

February 10, 2009, 3:20 P.M.

(Testimony is 2 pages long)

TESTIMONY IN SUPPORT OF SB 1258 WITH AMENDMENTS

Chair Gabbard, Chair Hee, Chair Baker, and members of the Committees:

The Sierra Club, Hawaii Chapter, with 5500 dues paying members statewide, supports SB 1258 with amendments, establishing comprehensive measures for increasing the production and use of renewable energy in the State. Hawaii's state policy should reflect our preferred choice of clean, indigenous, renewable sources of electricity. Moreover, energy efficiency -- a wonderful concept -- should be encouraged independently of our efforts to develop renewable energy.

Hawaii is the most dependent state in the nation on imported oil. Some 50 million barrels are imported annually, nearly 80% of which originate from foreign sources. In addition, over 805,000 tons of coal are imported into our state. These sources provide power for over 92% of Hawaii's electricity generation. The combustion of these resources also contributes over 23 million tons of climate changing greenhouse gas into our atmosphere annually.

We suggest, however, amending page 19 by striking the new language in lines 6 - 8. It is unclear why continuing reports by a permitting agency are necessary? The renewable energy facilitator should have the capacity to track and, if necessary, report to the legislature any potential problems. This language only creates a possibility that oral reports, etc., may not get considered and an environmentally undesirable project is allowed to proceed.

Hawaii's economic, environmental, and energy security demand that we reduce the amount of fossil fuel imported and consumed in Hawaii. This bill is a solid step in that direction.

Thank you for this opportunity to provide testimony.