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LATE

April 6, 2009

Dear Chair Oshiro and Members of the House Finance Committee:

RE: SB 1671 HD2, RELATING TO FOSSIL FUELS

Chevron does not oppose the intent of SB1671 HD2; however, we are concerned the present draft would have the unintended consequence of interfering with Chevron's effort to complete current construction of an on-going napiha fired 3MW cogeneration project at its Hawaii Refinery. When completed, the new cogeneration unit, along with 3 existing cogeneration units will allow Chevron to generate its entire electrical power needs and small amount of reserve as a measure for increased plant reliability. In addition, a portion of the plant's high-pressure steam requirements will be generated from the waste heat for increased efficiency. Completion and operation of the new cogeneration unit will:

- Increase overall plant efficiency,
- Allow Chevron to retire older existing and less efficient boiler,
- Utilize cleaner burning technology
- Reduce green house gas emissions.

Thus far the project has all necessary air and building permits. Approval by the PUC of an inter-connection agreement with HECO is the final remaining permit. The major pieces of equipment are on site and plans are to be operational in the 4th quarter of 2009.

To address Chevron's concern, while not diminishing the original intent as discussed with Senator Gabbard and Representative Morita to prohibit new fossil fuel power generation by PUC regulated utilities, Chevron proposes a minor amendment to avoid affecting private (non-PUC regulated) developments for own use. Chevron respectfully requests the following amendments:

Amend Section 2 of the bill, which currently reads:

"provided further that this section shall not apply when the electric generation unit is primarily used to serve the facility's own internal operation and has a rated capacity of less than two megawatts. Chevron request that the word "and" be deleted and replaced with the word "or".

Additionally, in Section 3 of the bill, it currently reads:

provided further that this section shall not apply to electric generation units that have a primary purpose to serve the internal operations of a facility and have a rated capacity of less than two megawatts. Chevron requests the same amendment in Section 3 that the word "and" be deleted and replaced with the word "or".

Mahalo for this opportunity to provide comment on this measure.

Respectfully Submitted,

Albert D. K. Chee, Jr.

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**Before the House Committee
on
Finance**

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Testimony on SB 1671, SD 1 HD 2 - Relating to Fossil Fuels

**Monday, April 6, 2009
2:00 pm., Conference Room 308**

**By
Steven J. Oppenheimer
Associate General Counsel
Hawaiian Electric Company, Inc.**

Chair Oshiro, Vice-Chair Lee, and Members of the Committee:

My name is Steven Oppenheimer. I am an Associate General Counsel at Hawaiian Electric Company, Inc. I am testifying on behalf of Hawaiian Electric and its subsidiaries, Hawaii Electric Light Company and Maui Electric Company, collectively, the Hawaiian Electric Companies.

As stated in the October 2008 *Energy Agreement* that the Hawaiian Electric Companies entered with the Governor, the Consumer Advocate and the Department of Business, Economic Development and Tourism, the Hawaiian Electric Companies are committed to move "decisively and irreversibly away from imported fossil fuel for electricity and transportation and towards indigenously produced renewable energy and an ethic of energy efficiency". Among other things in the *Energy Agreement*, the Hawaiian Electric Companies agreed not to add any new fossil-based generation over 2 megawatts on their systems beyond those already approved by the Public Utilities Commission or under construction. We therefore support the intent of SB1671, SD 1 HD 2.

Thank you for the opportunity to present testimony.