

**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 COMMITTEES ON WATER, LAND & NATURAL RESOURCES AND
ENERGY & THE ENVIRONMENT**

February 1, 2010

10:00 AM

State Capitol, Conference Room 325

in consideration of

**HB 2325
RELATING TO RENEWABLE ENERGY.**

Chair Ito, Chair Morita, Vice Chairs Har and Coffman, and Members of the House
Committees on Water Land & Ocean Resources and Energy & Environmental Protection.

The Department of Business, Economic Development, and Tourism (DBEDT) would like
to comment on the current draft of the HB2325 because the bill as written does not help the
permitting or development of renewable energy projects on conservation district lands since the
bill does not amend the requirement for a conservation district use permit for renewable energy
projects. The purpose of HB 2325 is to allow the establishment of wind turbines, wind farms,
solar energy facilities, and low-impact hydropower facilities on State conservation district land,
which already occurs with the granting of a conservation district use permit from the Board of
Land and Natural Resources. The bill only allows for the establishment of certain types of
renewable energy projects which already occurs on conservation district use lands.

Thank you for the opportunity to offer these comments.

LINDA LINGLE
Governor



SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE K. OKAMOTO
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512

**WRITTEN TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE**

**BEFORE THE HOUSE COMMITTEES ON
WATER, LAND, AND OCEAN RESOURCES
AND
ENERGY AND ENVIRONMENTAL PROTECTION
MONDAY, FEBRUARY 1, 2010
10:00 a.m.
Room 325**

**HOUSE BILL NO. 2325
RELATING TO RENEWABLE ENERGY**

Chairs Ito and Morita, Vice Chairs Har and Coffman, and Members of the Committees:

Thank you for the opportunity to testify on House Bill No. 2325. The Department of Agriculture offers comments. The amendment to Section 183C-4 (d) adds wind turbines, wind farms, solar energy facilities, and low-impact hydropower facilities as land uses that the Department of Land and Natural Resources may, through its rules, permit on lands within the Conservation District. There are agricultural activities within the Conservation District, such as grazing and pasture for livestock that may not be compatible with renewable energy facilities. Adding these renewable energy uses in the conservation district is acceptable provided that they don't conflict or displace existing agricultural uses.

HB2325_AGR_02-1-10_WLO-EEP

**Testimony before the
House Committees on

Water, Land & Ocean Resources
and
Energy & Environmental Protection**

H.B. 2325 – Relating to Renewable Energy

**Monday, February 1, 2010
10:00 am, Conference Room 325**

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

Chairs Ito and Morita, Vice Chairs Har and Coffman and members of the Committees:

My name is Arthur Seki—I am the Director of Renewable 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.

HECO Utilities supports H.B. 2325, which amends the conservation districts to allow wind turbines, wind farms, solar energy facilities, or low-impact hydropower development. Land availability for renewable energy development continues to be an issue. We offer for your consideration the recommendation to broaden the renewable resources to include geothermal, biomass, biofuels, ocean energy and energy storage (i.e., pumped storage hydroelectric).

Thank you for the opportunity to present this testimony.



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TESTIMONY

RE: HB2325 RELATING TO RENEWABLE ENERGY

Chair Ito, Chair Morita and Members of the Committee:

Hawaii Farm Bureau Federation on behalf of our farm and ranch families and organizations across the State submits the following comments on HB2325 seeking to authorize DLNR to issue leases for renewable energy facilities on Conservation Lands.

HFBF is in strong support of Hawaii's renewable energy initiatives. There are unlimited opportunities for collaboration and we are optimistic about the opportunities for agriculture to benefit from renewable energy ventures. As we move in this direction we provide some level of assurance to avoid unintended consequences.

Last year, SB50 was passed by the Legislature and signed into law as Act 19. This law resulted from a possible loss of active ranchlands to a renewable energy development without the knowledge of the rancher. It was to prevent these unintended consequences in our quest to advance renewable energy. It is expected that the conditions of this law will be applicable on these conservation lands.

HFBF believes it is not the intent of the Legislature to negatively impact agriculture in the process of developing renewable energy. We also recognize that there are many conservation lands and other "ag zoned" lands that are not suitable for agriculture. We believe that these are the lands that can serve to advance renewable energy while continuing our agriculture industry.

Ranching is at a transition. There is much excitement about "local beef". Their business model seeks to expand grass-fed beef so adequate ranchlands will be critical. There are also opportunities to complement agriculture and renewable energy. Renewable energy facilities sited near on existing agricultural lands could provide energy for agricultural operations increasing their sustainability and possibly increasing their revenue base. This would be a true win-win situation with having renewable energy as well as agricultural products to increase our level of self sufficiency. This can only be done if leases

associated with agriculture are considered by people who understand and have agriculture as a priority vs. obtain maximum income from leases.

In 2003, such concerns were already in the minds of your constituents. Act 90 was passed to address these concerns. The preamble to Act 90, SLH 2003 stated:

The purpose of this chapter is to ensure the long-term productive use of public lands leased or available to be leased by the department of land and natural resources for agricultural purposes by allowing these lands to be transferred to and managed by the department of agriculture.

To date, some lands have transferred but many still reside in DLNR and the industry has found that ranchlands, especially are difficult to be transferred. This has been a very serious concern among our ranchers for many years. If such a transfer had happened in a timely manner, Act 19(2008) would not have been needed.

Therefore, HFBF respectfully requests consideration of the following amendments to the Bill.

- 1) In case of lands that are occupied by active ranchers and farmers or have had a agricultural(farm or ranch) lease expire within the past 2 years, require HDOA approval for issuance of a lease.
- 2) In cases of Conservation lands that are leased to agriculture and where compatible renewable energy developments can complement and enhance the agricultural activity, HDOA should also be authorized to provide renewable energy uses in the lease.

We believe such amendments will promote renewable energy while continuing with our State's policy to support and expand agricultural endeavors.

We appreciate this opportunity to provide our position on this matter. If there are any questions, please contact Luella Costales at 848 2074. Thank you.



COLLEGE OF SOCIAL SCIENCES

HAWAII ENERGY POLICY FORUM

UNIVERSITY OF HAWAII AT MĀNOA

Testimony of
Warren Bollmeier
Co-Chair – Renewable Energy Working Group
Hawai'i Energy Policy Forum

Hawai'i Energy Policy Forum

Ms. Stephanie Ackerman, The Gas Co.
Mr. Robbie Alm, HECO
Ms. Amy Asselbayer, Office of US Rep. Neil
Abercrombie
Ms. Madeleine Austin, World Business Academy
Mr. Warren Bollmeier, Hawai'i Renewable
Energy Alliance
Mr. Carlito Caliboso, PUC (Observer)
Mr. Albert Chee, Chevron
Ms. Elizabeth Cole, The Kohala Center
Mr. Kyle Datta, New Energy Partners
Ms. Laura Dierenfield, People's Advocacy for
Trails Hawai'i (PATH)
Mr. Mark Duda, HI Solar Energy Asst.
Sen. Kalani English, Hawai'i State Senate
Mr. Mitch Ewan, UH HNEI
Mr. Carl Freedman, Haiku Design & Analysis
Sen. Mike Gabbard, Hawai'i State Senate
Mr. Mark Glick, OHA
Dr. Michael Hammett, RCUH
Dr. Robert Harris, Sierra Club
Mr. William Kaneko, Hawai'i Institute for Public
Affairs
Mr. Darren Kimura, Energy Industries Holdings
Ms. Kelly King, Sustainable Biodiesel Alliance
Mr. Mike Kitamura, Office of US Senator Daniel
K. Akaka
Mr. Kal Kobayashi & Victor Reyes, Maui
County Energy Office
Mr. Laurence Lau, State of Hawai'i DOH
Mr. Allyn Lee, C&C of Honolulu Dept. of
Design & Construction
Dr. Stephen Meder, UH Center of Smart
Building & Community Design
Dr. Sharon Miyashiro, UH College of Social
Sciences Public Policy Center
Rep. Hermina Morita, Hawai'i State House of
Representatives
Mr. Dean Nishina, Div of Consumer Advocacy
Mr. Tim O'Connell, USDA-Rural Development
Ms. Melissa Pavlicek, Hawaii Public Policy
Advocates
Mr. Ted Peck, State of Hawai'i DBEDT Strategic
Industries Division
Mr. Randy Pereira, Hawai'i State AFL-CIO
Dr. Rick Rocheleau, UH HNEI
Mr. William Rolston, Hawai'i County Dept. of
Research & Development
Mr. Peter Rosegg, HECO
Mr. Steven Rymsha, KIUC
Mr. Riley Saito, PowerLight Corporation
Mr. Glenn Sato, Kaua'i County Office of
Economic Development
Mr. Bill Short, BIA of Hawai'i
Ms. Joelle Simonpietri, Simonpietri Enterprises
LLC
Mr. H. Ray Starling, Hawai'i Energy Group LLC
Mr. Lance Tanaka, Tesoro Hawai'i Corp.
Dr. Don Thomas, UH Center for the Study of
Active Volcanoes
Ms. Maria Tome, State of Hawai'i DBEDT
Energy Office
Mr. Murray Towill, Hawai'i Hotel Association
Mr. Joshua Wisch, Office US Representative
Mazie Hirono
Mr. Alan Yamamoto, Office US Senator Daniel
Inouye

House Committees on Water, Land & Ocean Resources and
Energy & Environmental Protection

Monday, February 1, 2010 ~~Tuesday, March 11, 2008~~

10:00 a.m.

Conference Room 325

IN SUPPORT OF HB 2325– Relating to Renewable Energy

I am Warren Bollmeier, Co-Chair of the Renewable Energy Working Group of the Hawaii Energy Policy Forum ("Forum"). The Forum is comprised of 47 representatives from the electric utilities, oil and natural gas suppliers, environmental and community groups, renewable energy industry, and federal, state and local government, including representatives from the neighbor islands. We have been meeting since 2002 and have adopted a common vision and mission, and a comprehensive "10 Point Action Plan," which serves as a framework and guide for meeting our preferred energy vision and goals.

The Forum supports passage of HB 2325. It enables the production of renewable energy that will benefit the state by reducing fossil fuel production and carbon emissions, and increasing the public health, safety, and welfare of our citizens.

HB 2325 would amend Section 183C-4(d), Hawaii Revised Statutes, to provide certainty that specified renewable energy production -- wind turbines, wind farms, solar energy facilities, and low-impact hydropower facilities -- can be considered as a permitted land use within established zones in the conservation district. And, we know that the Department of Land and Natural Resources can determine the value of the project and its impact on natural resources, including controlling and safeguarding against any detrimental uses and activities.

Based on the foregoing, the Forum supports HB2325 and respectfully urges passage of the bill.

Thank you for the opportunity to testify.

This testimony reflects the position of the Forum as a whole and not necessarily of the individual Forum members or their companies or organizations.

HB 2325

RELATING TO RENEWABLE ENERGY

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

FEBRUARY 1, 2010

Chairs Ito and Morita and Members of the House Committee on Water, Land & Ocean Resources and Committee on Energy & Environmental Protection:

I am Joel Matsunaga, testifying on behalf of Hawaii BioEnergy on HB 2325, "Relating to Renewable Energy."

SUMMARY

Hawaii BioEnergy ("HBE") supports HB 2325 (with amendment) which would revise Section 183C-4 of the Hawaii Revised Statutes to allow the Department of Land and Natural Resources to allow certain renewable energy projects to be established in conservation districts. Such an allowance could help to expand renewable energy projects in the state which are capable of reducing the state's dependence on imported fossil fuels while expanding investment and creating jobs.

The amendment to HB 2325 proposed below would expand the bill's reach to also allow renewable biomass such as woody biomass, dedicated energy crops and algae grown specifically for liquid biofuels and/or renewable power generation to be produced on conservation land. Such an allowance could help prospective biomass-based fuels producers achieve greater economies of scale, thereby expanding the state's renewable fuels base while creating needed jobs.

HAWAII BENEFITS FROM LOCAL BIOFUELS PRODUCTION

Hawaii BioEnergy is a local company dedicated to strengthening the state's energy future through sustainable biofuel production from locally grown feedstocks. Among its partners

are three of the larger land owners in Hawaii controlling over 430,000 acres of land. HBE and its partners would like to use significant portions of their land to address Hawaii's existing and growing energy needs.

One of the biofuel alternatives that HBE is pursuing is the production of jet fuel and other oil derivatives from micro-algae and is already engaged in two Hawaii-based, DARPA-funded algae projects. In addition to providing a local, renewable, and lower-carbon fuel source, algae-based biofuel production benefits the agriculture industry by providing a local source of protein for animal feed, fertilizers and other products. In addition to HBE's on-going algae-based biofuel projects, the company is also considering plans to develop locally produced ethanol and high density fuels from sugar cane, sweet sorghum, and/or other dedicated energy crops. The company is dedicated only the most advanced and sustainable farming practices and is committed to preserving the integrity of Hawaii's precious soils and natural resources. The feedstocks and conversion production pathways under consideration hold tremendous potential to displace fossil fuels imports given their relatively low input requirements, exceptionally high yields, and capacity to produce a portfolio of products including liquid fuels for transport and for power generation, feed, and other bio-based co-products. Allowing for the sustainable production of biomass, including dedicated renewable energy crops and algae, could help to enable HBE and other prospective biomass-to-fuel producers to achieve greater economies of scale helping to drive down the costs of renewable fuel production.

Compounding the clear environmental and energy security benefits that local biofuels production, facilitating the expansion of Hawaii's biofuel industry would also provide an economic stimulus to the state as such projects would create a significant number of jobs and help to re-circulate energy dollars within the Hawaiian economy rather than exporting them overseas. Based on an independent analysis commissioned by HBE, it's projected that a large-scale agricultural operation coupled with an ethanol facility could provide up to 1,400 new jobs, over \$115 million in value added or new wealth, and over \$17 million in annual tax revenue from

combined indirect business and personal income taxes. The expansion of such projects stand to provide the greatest benefits to the agricultural community, which is facing continued job loss due to the deterioration of Hawaii's agricultural sector, hardships which have been compounded by the financial crisis. While solar and wind farms on conservation land will contribute to the diversification of the state's renewable energy base, also allowing the sustainable production of biomass on conservation land would achieve the dual goals of renewable energy expansion and job creation.

PROPOSED AMENDMENT TO HB2325

While HBE supports HB 2325 to allow for renewable energy production on conservation land, the company proposes that Section 2 (d) be amended to state:

"The department, by rules, may specify the land uses permitted therein which may include[,] but are not limited to,] farming, flower gardening, [operation of] operating nurseries or orchards, growing commercial timber, grazing, recreational or hunting pursuits, establishing wind turbines, wind farms, solar energy facilities, or low-impact hydropower facilities, or residential use, as well as the production of renewable biomass including by not limited to woody biomass, dedicated energy crops, and algae.

CONCLUSION

HBE is moving forward with projects that will help to address Hawaii's energy future and believes that HB 2325, with the amendment proposed, will help to accelerate and expand Hawaii's bio-based renewable energy economy.

Based on the aforementioned, Hawaii BioEnergy respectfully requests your support for HB 2325, with the above referenced amendment.

Thank you for the opportunity to testify.



Hawaii Cattlemen's Council, Inc.

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HOUSE COMMITTEE ON WATER, LAND AND OCEAN RESOURCES AND HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

Monday February 1, 2010 10:00 a.m. Room 325

HB 2325 RELATING TO RENEWABLE ENERGY

Chairs Ito and Morita, and Members of the Committees:

My name is Alan Gottlieb, and I am the President of the Hawaii Cattlemen's Council. The Hawaii Cattlemen's Council, Inc. (HCC) is the Statewide umbrella organization comprised of the five county level Cattlemen's Associations. Our 130+ member ranchers represent over 60,000 head of beef cows; more than 75% of all the beef cows in the State. Ranchers are the stewards of approximately 25% of the State's total land mass.

The Hawaii Cattlemen's Council supports HB 2325. We believe that the State of Hawaii needs to become more energy efficient and many of our lands held in conservation would be very appropriate for renewable energy projects.

However, there is great concern when a new energy project will threaten an existing agricultural enterprise. In the recent past we were told that energy projects could be a win-win with an existing agricultural enterprise, only to have projects proposed via direct lease from DLNR on lands leased long term to ranchers who were in good standing on those leases. In these proposed projects the ranchers would have lost most or all of their leased lands. This would be a win-lose project sacrificing our State's bio-security mandates for food for our energy self-sufficiency mandates, and putting the rancher/farmer out of business.

We believe, as the State legislature did when in 2003 it passed Act 90, that it would be more appropriate if leases associated with agriculture are considered by people who understand and have agriculture as a priority. The preamble to Act 90, SLH 2003 stated: The purpose of this chapter is to ensure the long-term productive use of public lands leased or available to be leased by the Department of Land and Natural Resources for agricultural purposes by allowing these lands to be transferred to and managed by the Department of Agriculture. To date, some lands have transferred but many still reside in DLNR and the industry has found that ranchlands, especially are difficult to be transferred. This has been a very serious concern among our ranchers for many years, and we ask you to consider measures which would expedite the intent of Act 90.

As such, we have discussed this matter with the Hawaii Farm Bureau Federation and we are supportive of amendments they suggest adding to the bill:

UNIFIED AFFILIATE OF THE NATIONAL CATTLEMEN'S BEEF ASSOCIATION
Hawaii Cattlemen's Association • Kauai Cattlemen's Association • Maui Cattlemen's Association
Molokai Grazer's Association • Oahu Cattlemen's Association

- 1) In case of lands that are occupied by active ranchers and farmers or have had an agricultural (farm or ranch) lease expire within the past 2 years, require HDOA approval for issuance of a lease.
- 2) In cases of Conservation lands that are leased to agriculture and where compatible renewable energy developments can complement and enhance the agricultural activity, HDOA should also be authorized to provide renewable energy uses in the lease.

We believe such amendments will promote renewable energy while continuing with our State's policy to support and expand agricultural endeavors.

We appreciate this opportunity to provide testimony on this matter.

COMMITTEE ON WATER, LAND & OCEAN RESOURCES

Representative Ken Ito, Chair, Representative Sharon E. Har, Vice Chair

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Representative Hermina M. Morita, Chair, Rep. Denny Coffman, Vice Chair

I **OPPOSE** HB 2325 for the following reasons:

- The intent of conservation district zoning is to “conserve, protect, and preserve” important natural resources within the districts. § 183C-1. As such, a thoughtful and detailed approach to establishing sub zones and accompanying permitted uses within conservation district subzones can already be found at HAR §13-5-22 through 25.
- The proposed language to amend §183C-4(d) is both vague and proposes additional uses not in concert with the intent of “good conservation practices.”
- The proposed language would allow “certain renewable energy projects” defined as – but not limited to- facilities providing renewable energy from “wind turbines, wind farms, solar energy, or low-impact hydropower” but is ominously silent with respect to any limitation on size and scale, and does not comport with traditional farming, gardening, grazing, hunting and recreational pursuits now encouraged in these districts.
- The few energy facilities identified would each have vastly different footprints, impacts on the conservation districts in which placed, and effects on the environment. To ignore these distinctions is unwise.
- For example, a “limited” subzone within a conservation district currently “limits uses where natural conditions suggest constraints on human activities.” §13-5-12. Siting a wind power plant in this type of subzone, as opposed to a solar facility, would have a much larger and potentially a more negative impact on the natural resources and open space and, during even a limited construction phase, virtually no “constraints” on human activity. Without careful oversight and regulation, such an outright permitted use could swallow the conservation district as a whole, in the process defeating the legislative intent to providing for regulation in conservation districts.
- Moreover, as written, the proposed amendment is ambiguous and vague with respect to the impact on existing provisions. What is the effect of the proposed amendment on §183C-3(5), which now permits the Board and Department to “[e]stablish categories of uses or activities on conservation lands, including allowable uses or activities for which no permit shall be required” (emphasis supplied), as opposed to §13-5-22 P-6 (and by reference §23) which currently requires “a board permit, and where indicated, a

management plan”? Will the amendment make certain undefined, unlimited renewable energy projects outright allowable uses, for which no Board action is required, or will the Board retain the discretion to consider a conservation district use permit (CDUP)?

- Finally, I would note that while the proposed amending language does not address §183C-4 (e), it is unacceptable that any hearing required by a change to the department’s rules be held “in the county in which the land is located” and not on the host island.

In sum, the proposed amendment would have a negative impact on existing, well-established state regulatory authority. Providing a license to “allow” disparate, not fully defined and unlimited renewable energy facilities without regard to size or number (should all renewable energy projects be “allowed”?) is unwarranted and would set a dangerous departure from established uses of conservation districts.

I **OPPOSE** HB 2325 and urge this Bill be filed.

Thank you for this opportunity to testify to your Committees.

Sally Kaye
P.O. Box 631313
511 Ilima Avenue
Lanai City, HI 96763

-----Original Message-----

From: mailinglist@capitol.hawaii.gov [mailto:mailinglist@capitol.hawaii.gov]

Sent: Sunday, January 31, 2010 10:10 AM

To: WLOtestimony

Cc: jepsona001@hawaii.rr.com

Subject: Testimony for HB2325 on 2/1/2010 10:00:00 AM

Testimony for WLO/EEP 2/1/2010 10:00:00 AM HB2325

Conference room: 325

Testifier position: oppose

Testifier will be present: No

Submitted by: Andrea Jepson

Organization: Individual

Address: 1111 Koohoo Place Kailua, HI 96734

Phone: 808-263-8202

E-mail: jepsona001@hawaii.rr.com

Submitted on: 1/31/2010

Comments:

I would like to oppose HB 2535. Over the years many laws have been put in place to guard and protect our natural resources. The ambiguous and vague nature of this proposed bill would serve to undermine existing legislation.