

STAND. COM. REP. NO.

116

Honolulu, Hawaii

FEB 07 2013

RE: S.B. No. 1280
S.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam:

Your Committee on Energy and Environment, to which was referred S.B. No. 1280 entitled:

"A BILL FOR AN ACT RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST A SEAWATER PROJECT,"

begs leave to report as follows:

The purpose and intent of this measure is to authorize the issuance of special purpose revenue bonds to assist Kona SWAC, LLC, in constructing part of a seawater air conditioning district cooling system.

Your Committee received testimony in support of this measure from the Blue Planet Foundation and Kona SWAC, LLC. Your Committee received testimony in opposition to this measure from Life of the Land and one individual. Your Committee received comments on this measure from the Department of Budget and Finance.

Your Committee finds that air conditioning is a voracious consumer of electricity. On Oahu, the cooling of commercial buildings year-round is responsible for about twenty percent of the island's electricity demand. The percentage of electricity devoted to cooling is even higher in resort areas. Kona SWAC, LLC, seeks to develop a seawater air conditioning solution for Kona that precludes the need to cool water with electricity, which stands to save substantial amounts of electricity annually.



Your Committee further finds that the Keahole Airport Terminal Modernization Program's environmental assessment already includes plans for a seawater air conditioning system connecting to the Natural Energy Laboratory of Hawaii Authority pipeline to service the airport terminal and the Ellison S. Onizuka Space Center. Future growth of the seawater air conditioning system beyond the Keahole Airport would potentially include the University of Hawaii Center West Hawaii campus, planned mixed-use developments along Queen Kaahumanu Highway, and existing industrial parks.

Your Committee has heard the testimony of the Department of Budget and Finance and recommends that Kona SWAC, LLC, submit to your Committee, no later than April 12, 2013, letters from the Department of Business, Economic Development, and Tourism and Department of Budget and Finance stating that each department has received and reviewed Kona SWAC's business plan without rendering an opinion.

Your Committee has amended this measure by inserting an effective date of July 1, 2050, to encourage further discussion.

As affirmed by the record of votes of the members of your Committee on Energy and Environment that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 1280, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1280, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Energy and
Environment,



MIKE GABBARD, Chair



