



## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of  
**Richard C. Lim**  
Director

Department of Business, Economic Development, and Tourism  
before the

**House Committee on Consumer Protection & Commerce**

Monday, February 11, 2013

3:30 PM

State Capitol, Conference Room 325

in consideration of

**HB 1149, HD1 RELATING TO WIND ENERGY FACILITIES.**

Chair McKelvey, Vice Chair Kawakami, and Members of the Committee,

The Department of Business, Economic Development, and Tourism (DBEDT) offers comments on HB 1149, HD1, which requires the owner of a wind energy facility to be responsible for decommissioning of the facility and to provide evidence of financial security. This bill further mandates that the State's energy coordinator "take necessary measures to complete the decommissioning" if the owner fails to do so.

DBEDT supports the intent of this bill to address concerns regarding future wind facility abandonment. But, we point out that other alternatives to this bill exist, such as establishing rules requiring a decommissioning clause as a provision for obtaining leases and State permits. We defer to the Public Utilities Commission on regulatory options under its jurisdiction in this regard. Furthermore, DBEDT is not an asset management agency and lacks the necessary human and financial resources to carry out the tasks in this bill.

Thank you for the opportunity to offer these comments.



TESTIMONY OF TAWHIRI POWER LLC  
SUPPORTING THE INTENT, BUT REQUESTING AMENDMENTS  
TO HB 1149, HD 1  
BEFORE THE HOUSE COMMITTEE ON  
CONSUMER PROTECTION AND COMMERCE  
MONDAY, FEBRUARY 11, 2013 AT 3:30 p.m.

TO THE HONORABLE CHAIR MCKELVEY, VICE CHAIR KAWAKAMI, AND  
MEMBERS OF THE COMMITTEE:

Long before any of us heard of the Hawaii Clean Energy Initiative, Tawhiri Power LLC ("Tawhiri") supported renewable energy in Hawaii and supported eliminating, or at least decreasing, Hawaii's dependence on fossil fuels. Tawhiri is the owner of the Pakini Nui Wind farm located on the South Point Area of the Island of Hawaii. The Pakini Nui Wind farm is able to provide enough energy to serve approximately 15,000 homes, which is equivalent to approximately 200,000 barrels of fossil fuel per year.

Tawhiri supports the intent of this bill to address concerns regarding future wind facility abandonment, but agrees with the State Department of Business, Economic Development & Tourism ("DBEDT") "that other alternatives to this bill exist". However, if this Committee is inclined to pass something out, Tawhiri respectfully requests amendments to HB 1149, HD1 because some of the terms of the bill raise serious questions concerning implementation and/or should not be allowed to supersede existing contracts detailing the removal of wind facilities.

Tawhiri supports the following amendments to the bill:

1. That language is added to the bill that makes clear that the bill only applies to future wind energy facilities and does not apply to existing wind energy facilities. Particularly existing wind energy facilities that have

decommissioning provisions in its land leases and/or power purchase agreements. This is vital because existing wind energy facility owners did not have the opportunity to design, construct, and finance their facility with the proposed decommissioning requirements stated in this bill.

2. Tawhiri supports the removal of towers with the nacelles and blades of any wind turbine that is “abandoned” as defined in the bill. However, it does not support the broad definition of “Wind turbine” on page 5, lines 3-6 and the other requirements listed on page 5, lines 15-22 because of the following reasons: (i) These remaining items do not constitute a health or safety hazard to public health; (ii) These remaining items have the potential to be reused for other purposes. This is especially true for access roads and maintenance, operation, and storage buildings; and (iii) The cost of removing these ancillary items is excessive and could go into the millions or tens of millions of dollars. Such cost may hinder the development of wind projects in Hawaii.

Thus, Tawhiri recommends:

- (i) Amending the definition of “wind turbine” to “means a wind energy conversion system that converts wind energy into electricity through the use of wind turbine generator, and includes the turbine, nacelles, blades, and tower, if any.

- (ii) Amending 201N(b)(1) and (2) (Page 5 of the bill.) to read as follows:

“(b) Proper decommissioning of a wind energy facility shall include: Removal of wind turbines, including its tower, nacelle hub, and blades.

3. The requirement for evidence of financial security and one hundred percent of the estimate of the total cost of decommissioning adds to the cost of developing the wind energy facility. Also given that wind energy facilities generally have a useful life of over twenty years, it would be difficult, if not

impossible, to anticipate the costs of decommissioning.

Moreover, DBEDT has testified it “is not an asset management agency and lacks the necessary human and financial resources to carry out the tasks in the bill.”<sup>1</sup> Therefore, Tawhiri would recommend that this provision be deleted.

Thank you for the opportunity to testify.

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<sup>1</sup> DBDET’s Testimony to the House Committee on Energy and Environmental Protection, February 5, 2013.