



Honolulu Seawater Air Conditioning, LLC  
1132 Bishop Street, Suite 1410  
Honolulu, Hawaii 96813

Tel 808.531.7922  
Fax 808.531.7923  
www.honoluluswac.com

Testimony on

**H.B. 242**  
**RELATING TO SEAWATER AIR CONDITIONING**

Before the  
House of Representatives  
COMMITTEE ON FINANCE  
Wednesday, February 25, 2015

By  
Eric Masutomi, CEO and President  
Honolulu Seawater Air Conditioning, LLC

Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

Honolulu Seawater Air Conditioning (HSWAC) strongly supports H.B. 242 which extends the authorization to issue \$20 million in special purpose revenue bonds (SPRBs) for Honolulu Seawater Air Conditioning, LLC for the design and construction of a seawater air conditioning district cooling system on Oahu.

Over the past several sessions, the Hawaii State Legislature authorized a total of \$145M in SPRBs for the HSWAC project. \$20 million of the total were authorized by the Legislature in 2012 and expire June 30, 2015. This bill extends this SPRB authorization from June 30, 2015 to June 30, 2020.

HSWAC's Downtown Honolulu Seawater Air Conditioning project will service approximately 14 million square feet of downtown building space. In addition to the compelling environmental and renewable energy benefits associated with deep water cooling, the project will generate more than \$250 million of dollars in construction spending and create more than 1,500 construction jobs in 2015 through 2017. In addition, it would create long-term, high-value employment opportunities and establish the State as a leading authority on the development and installation of seawater air conditioning systems throughout the Asia-Pacific region. Other local economic benefits would accrue from money that stays in Hawaii and is not exported outside the State to purchase oil.

Previous unprecedented disruptions in the financial markets and longer-than-expected permitting and regulatory reviews caused HSWAC to postpone the earlier sale of SPRBs. Current markets have improved and there is now suitable interest in financing this renewable energy project. In addition to State of Hawaii SPRBs, the balance of HSWAC funding consists of taxable revenue bonds and equity investment. With an anticipated construction start later this year, HSWAC expects to use all of its authorized SPRBs within the next three years. The requested SPRBs are an important element in providing economically feasible project financing.

Thank you for this opportunity to testify.



Email: [communications@ulupono.com](mailto:communications@ulupono.com)

HOUSE COMMITTEE ON FINANCE  
Wednesday, February 25, 2015 — 2:45 p.m. — Room 308

**Ulupono Initiative Strongly Supports HB 242, Relating to Special Purpose Revenue Bonds to Assist Seawater Air Conditioning Projects on Oahu**

Dear Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

My name is Murray Clay and I am Managing Partner of the Ulupono Initiative, a Hawai'i-based impact investment company that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase clean, renewable energy, and waste reduction. We believe that self-sufficiency is essential to our future prosperity, and will help shape a future where economic progress and mission-focused impact can work hand in hand.

**Ulupono strongly supports HB 242**, which will extend the authorization for the issuance of Special Purpose Revenue Bonds (SPRBs) to Honolulu Seawater Air Conditioning LLC (HSWAC) for an additional five years, because it aligns with our goal of producing more clean, renewable energy in Hawai'i. As Hawai'i's energy issues become more complex and challenging, we appreciate this committee's efforts to look at policies that support renewable energy production.

We support HSWAC's request because we believe seawater air conditioning technology is proven and will help replace the energy-intensive central refrigeration system of a traditional air-conditioning system. HSWAC is targeting buildings that could benefit from substantial savings on electricity and water consumption, system replacement costs, and maintenance costs. By using 44 degree seawater via a freshwater loop instead of electricity to cool buildings, electricity costs can be cut by 75% and save an estimated 77 million kilowatt-hours of power a year, which is equivalent to a 20 megawatt wind farm or a 40 megawatt solar farm. That is enough to power more than 10,000 homes a year and eliminate the need to burn 178,000 barrels of oil a year. HSWAC is one of the State's largest energy efficiency projects.

This technology is known to provide substantial savings of energy and fresh water, both of which are critical to our economy and sustainability. HSWAC will reduce potable water consumption for air conditioning by 260 million gallons, reduce sewage production up to 84 million gallons per year, and avoids 84,000 tons of carbon dioxide (15,000 cars). In

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addition, it will also help the State move closer to its HCEI clean energy goals. This designation will help to spur greater success in energy efficiency projects that can help Hawai'i become less dependent on imported fossil fuels.

Thank you for this opportunity to testify.

Respectfully,

Murray Clay  
Managing Partner



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**HOUSE COMMITTEE ON FINANCE**

February 25, 2015, 2:45 P.M.

Room 308

**TESTIMONY IN SUPPORT OF HB 242**

Chair Luke and members of the Finance Committee:

The Blue Planet Foundation supports HB 242, extending the authorization for special purpose revenue bonds for Honolulu Seawater Air Conditioning.

As we consider strategies for kicking Hawai'i's 5-million-gallon-per-day oil habit, our tendency is to focus on alternative sources of fuel and electricity. We look to clean, renewable energy sources to replace dirty fossil fuel generation. We also look for ways to reduce the amount we use—and waste—through efficiency and conservation. What we often overlook is the reality that fuel and electricity are merely means to an end. Electricity is not what we really want. What we really want is light when it's dark, hot water for a shower, and a comfortable temperature indoors. What if we could cut out the middleman and put abundant natural resource to work in place of fuel and electricity? Seawater air conditioning puts this concept into action.

Air conditioning is a voracious consumer of electricity. On O'ahu, the cooling of commercial buildings year-round is responsible for a whopping 20 percent of the island's electricity demand. Using technology that has already been proven in many other places around the world, seawater air conditioning can solve this problem by using cool seawater, instead of electricity, to cool buildings. The benefits are enormous. Each year, the proposed seawater air conditioning system can:

- Save millions of kWh of electricity;
- Eliminate the need to burn more than one hundred thousand barrels of oil;
- Stop the waste of hundreds of millions of gallons of fresh water.

Tangible benefits like these make seawater air conditioning exactly the type of smart local energy solutions that the state needs.

Thank you for this opportunity to testify.