

SB 717



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

Tuesday, February 03, 2015
2:45 p.m.
State Capitol, Conference Room 225

in consideration of
SB 717
RELATING TO ETHANOL

Chair Gabbard, Vice Chair Green, and Members of the Committee.

The Department of Business, Economic Development & Tourism (DBEDT) offers comments on SB 717, which repeals the existing requirement that gasoline for motor vehicles be composed of 10 percent ethanol.

DBEDT acknowledges that ethanol has played a mixed role in Hawaii's renewable energy mix for transportation. Although ethanol has reduced the consumption of petroleum products in the transportation sector, it has been imported and has not been produced locally despite the availability of production tax credits. As Hawaii refiners face a more challenging future

consistent with the findings of the 2014 Hawaii Refinery Task Force Final Report¹, any added costs associated with ethanol blending could adversely affect gasoline price and supply.

Thank you for the opportunity to offer these comment\s regarding SB 717.

¹ See Hawaii Refinery Task Report, Final Report (April 9, 2014) at 38, available at http://energy.hawaii.gov/wp-content/uploads/2011/08/HRTF_Final-Report_04-10-14.pdf

From: [Terry McBarnet](#)
To: [ENETestimony](#)
Cc: ["Terry McBarnet"](#)
Subject: SB717
Date: Monday, February 02, 2015 6:10:44 PM

My name is Terry McBarnet and I'm the President of Lanai Oil Company. I'm writing to support Senate Bill 717, repealing the 10% ethanol mandate in Hawaii.

Adding ethanol to our gasoline in Hawaii to create E-10 fuel does not benefit the people of Hawaii or our environment. Most of the ethanol that is imported into Hawaii comes from corn grown on the mainland. I am in full support of encouraging a shift to low carbon advanced biofuel, including biodiesel, cellulosic ethanol, and other revolutionary fuels. But a corn ethanol mandate is simply bad policy. Ethanol is a first generation biofuel and has not lived up to its promises. Fermenting food crops like corn requires large amounts of land, water, and chemicals. Creating issues of land use and ground water table depletion. The International Institute for Sustainable Development estimates that the CO2 and climate benefits from replacing petroleum fuels with ethanol is basically zero. In addition, it increases the cost of transportation for the people of Hawaii because the energy content of a gallon of ethanol is only 2/3 that of a gallon of gasoline. When the cost of ethanol is evaluated relative to its energy value it is almost always more expensive than gasoline. Ethanol is very corrosive and creates unnecessary problems with equipment and fuel systems. Ask any boater or small equipment operators and they will tell you how hard ethanol is on equipment. E-free gasoline does not have those issues. Finally, anti-poverty groups like Oxfam and Environmental Working Group have long opposed ethanol mandates because the groups believe they push up prices for food. The grain required to fill a 25 gallon fuel tank with ethanol could feed one person for a year. Because of biofuels the world grain reserves are the lowest in 30 years. Back in 2005 when the ethanol mandate was adopted in Hawaii the science of the day was very supportive. Ten year later it is increasingly not the case. All in all, the production of corn ethanol creates more carbon pollution than the oil it is supposed to replace. It is no longer a good idea and the mandate should be lifted.

Aloha, Terry

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