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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEES ON
ENERGY & ENVIRONMENTAL PROTECTION
And
WATER & LAND

Tuesday, February 16, 2016
10:00 a.m.
State Capitol, Conference Room 325

in consideration of
HB 2416
RELATING TO RENEWABLE ENERGY.

Chairs Lee and Yamane, Vice Chairs Lowen and Cullen, and Members of the Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) supports HB 2416, which repeals Chapter 201N, Hawaii Revised Statutes, relating to the Renewable Energy Facility Siting Process (REFSP), and deposits proceeds in the Renewable Energy Facility Siting Special Fund into the General Fund, with the exception of Sections 201N-13 and 14 as noted herein.

DBEDT agrees that no renewable energy project has completed the REFSP, notwithstanding DBEDT's efforts to implement the REFSP since its establishment in 2008; including the Renewable Energy Facility Siting Process Action Plan for DBEDT's implementation of the REFSP¹ commissioned in 2014. DBEDT has determined that the REFSP is no longer relevant to supporting

¹ This plan is referenced in DBEDT's Periodic Report to the Legislature on Renewable Energy Facilitation Activities and the REFSP (December 2014); see *Final Report* (http://energy.hawaii.gov/wp-content/uploads/2011/10/Act-208-201N-Facilitator-Report_11-20-14_FINAL.pdf) and *Appendix* (http://energy.hawaii.gov/wp-content/uploads/2011/10/201N-Final-Action-Plan_Appendix.pdf).

Hawaii's clean energy goals for numerous reasons, including: (1) 201N could actually increase permit processes, timelines, and costs for most projects, as it requires an environmental impact statement, carries additional administrative burdens, and contains procedural and substantive legal uncertainties; (2) 201N has very narrow scope as it applies to certain permits only (some of which can be processed in one year or less and/or are not typically required for renewable energy projects in Hawaii); (3) 201N benefits a narrow class of renewable energy projects (projects 200 megawatts (MW) and larger are automatically eligible), whereas projects 5MW to 200MW, or those with capacity to produce at least 100,000 gallons of biofuel/year, are eligible at DBEDT discretion); (4) 201N creates potential liability to the State should DBEDT be forced to utilize 201N by automatically eligible projects (200 megawatts and larger), and should DBEDT be required to ultimately approve permits outside of DBEDT's jurisdiction and subject matter expertise, as provided through Chapter 201N; (5) DBEDT has other existing authorities to enable the facilitation of renewable energy development; and, (6) Hawaii's skilled permit professional workforce is qualified and appropriate to provide assistance to renewable energy developers.

DBEDT also agrees that the Renewable Energy Facility Siting Special Fund has maintained a balance of \$0 in Fiscal Years 2009 through 2014, and is expected to have an unencumbered cash balance of \$0 throughout Fiscal Year 2015-2016. For these reasons, DBEDT agrees it would be appropriate to repeal this Special Fund.

Lastly, Sections 201N-13 and 201N-14 were added in 2009 (Act 173) after the initial adoption of Chapter 201N and could function independent of the REFSP. We have received anecdotal information that the subdivision exemption process under Sections 201N-13 and 201N-14 could offer value to some of Hawaii's renewable energy developers. Hence, DBEDT would not oppose the preservation of these sections.

Thank you for the opportunity to offer these comments on HB 2416.

From: mailinglist@capitol.hawaii.gov
Sent: Friday, February 12, 2016 4:43 PM
To: EEPtestimony
Cc: wwmsteiner@gmail.com
Subject: Submitted testimony for HB2416 on Feb 16, 2016 10:00AM

HB2416

Submitted on: 2/12/2016

Testimony for EEP on Feb 16, 2016 10:00AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
William W. Steiner	Pacific Agricultural Land Management Systems	Support	No

Comments: I support HB 2416 with one exception. Although there are no funds as of the writing of this bill in the accounts for its purpose, and although the bill calls for any funds arising from it to be deposited in the State's general fund, it makes more sense to place those funds in deposit to the state energy office for its use since it is a new office and will need funding to perform its duties, one of which will be assuming the oversight for siting, development, construction and operation of energy development in Hawaii. This could be accomplished by amendment. In addition, it is not clear if agricultural operations like oil extraction from farm products which have potential for use in biomass or biofuel production will fall under this bill, a factor which is in need of clarification. Mahalo for the opportunity to comment on this bill.

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SIERRA CLUB OF HAWAI'I

MĀLAMA I KA HONUA. *Cherish the Earth.*

HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

Tuesday February 16, 2016 10AM Room 325

In Support HB2416 Relating to Environmental Protection

LATE

Aloha Chair Less and Members of the EEP Committee:

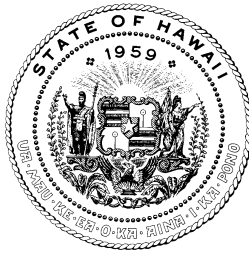
On behalf of our 12,000 members and supporters, the Sierra Club of Hawai'i supports HB2416 to repeal chapter 201N, HRS, relating to the Renewable Energy Facility Siting Program. This bill deposits proceeds from the renewable energy facility siting special fund into the general fund.

This bill seeks to repeal the Renewable Energy Facility Siting Program for lack of implementation.

The Sierra Club strongly supports the siting of more renewable energy facilities. However, after meeting with staff from the Energy Office, we understand that this fund has not helped Hawai'i reach its renewable energy goals. Therefore, we do not oppose the repeal of this program and its dedicated funding source.

Thank you for the opportunity to testify on this measure.

Director



LATE

**TESTIMONY OF JAN K. YAMANE, ACTING STATE AUDITOR,
ON HOUSE BILL NO. 2416
RELATING TO NON-GENERAL FUNDS**

House Committee on Energy and Environmental Protection

February 16, 2016

Chair Lee and Members of the Committee:

Thank you for the opportunity to testify in partial support of this bill. HB 2416 would repeal Chapter 201N, including the Renewable Energy Facility Siting Special Fund. We support repeal of this fund.

Partial impetus for this bill is our Report No. 14-13, Review of Special Funds, Revolving Funds, Trust Funds, and Trust Accounts of the Departments of the Attorney General and Business, Economic Development and Tourism. Our review includes an evaluation of the original intent and purpose of each fund, including the degree to which each fund continues to serve its intended purpose. We also evaluate whether each fund meets statutory criteria for its respective fund type (i.e., special, revolving, or trust). Moreover, for special and revolving funds, we conclude on the need for the fund based on the purpose and scope of the program it supports. This bill would implement our report recommendation for the Renewable Energy Facility Siting Special Fund. We recommended the fund be repealed; DBEDT concurred.

Thank you again for the opportunity to testify in partial support of HB 2416. I am available to answer any questions you may have.