

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON FINANCE
ON
SENATE BILL NO. 1280, S.D. 2, H.D. 1

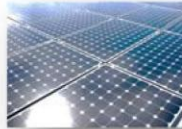
April 1, 2013
2:00 p.m.

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO
ASSIST A SEAWATER PROJECT

Senate Bill No. 1280, S.D. 2, H.D. 1, authorizes the issuance of special purpose revenue bonds (SPRB), in an unspecified amount, to assist Kona SWAC, LLC, in constructing part of a seawater air conditioning district cooling system, pursuant to Part V, Chapter 39A, Hawaii Revised Statutes.

The Department has no position on the issuance of SPRBs as contemplated in this bill. The Department would like to remind the Legislature and prospective issuers that should the legislation be approved, approval of SPRB issuance will still require further discussion and satisfactory review of the financing components involved in the transaction.

Thank you for the opportunity to provide testimony on this measure.



HOUSE COMMITTEE ON FINANCE

April 1, 2013, 2:00 P.M.

Room 308

TESTIMONY IN SUPPORT OF SB 1280 SD1 HD1

Chair Luke, Vice Chairs Nishimoto and Johanson, and members of the Finance Committee:

The Blue Planet Foundation supports SB 23 SD1 HD1, authorizing the issuance of special purpose revenue bonds to assist Kona SWAC, LLC, in constructing part of a seawater air conditioning district cooling system. We respectfully ask that the measure be amended with a proper date.

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 power. 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 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 an abundant natural resource to work in place of electricity? Seawater air conditioning is a clean energy solution that does just that.

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. The percentage of electricity devoted to cooling is even higher in resort areas. Kona SWAC seeks to develop a seawater air conditioning solution for Kona that precludes the need to cool water with electricity, one that stands to save substantial amounts of electricity—displacing fossil fuel imports—annually. The project proposes to use existing piping infrastructure.

Electricity is versatile, but it is difficult and costly to make and store. The genius behind seawater air conditioning technology is that the cold seawater can chill buildings 24/7, much like solar water heaters provide hot showers even after the sun has set. Our ocean directly improves our lives in so many ways: food, therapy, recreation, scenery. Let's also recognize its enormous potential in helping to meet our energy needs. While researchers continue to work on ways to harness wave power and ocean thermal power, buildings in dense areas should readily convert to seawater air conditioning, a renewable energy solution that is practical and proven.

Thank you for the opportunity to testify.