

SB 1258



LATE

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Statement of
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Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON WAYS AND MEANS

Tuesday, March 3, 2009
9:30 A.M.
State Capitol, Conference Room 211

in consideration of
SB 1258, SD1
RELATING TO RENEWABLE ENERGY.

Good morning, Chair Kim, Vice Chair Tsutsui, and Members of the Committee.

Senate Bill 1258, SD1 establishes comprehensive measures for increasing the production and use of renewable energy in the State. The Department of Business, Economic Development, and Tourism (DBEDT) strongly supports this bill.

SB 1258, SD1 will help achieve Hawaii's transformation to a clean energy economy and the increased use and development of renewable energy resources that will greatly benefit the State's economy, environment, energy security and sustainability in many ways including achieving the following:

1. Energy security through reduced reliance on imported oil supplies and exposure to the volatile prices of the world oil market;
2. Risk management by increased diversification of the electricity generation portfolio;
3. Economic benefits including increased quality job creation, economic development and diversification, and fewer dollars leaving Hawaii's economy;
4. Reduced greenhouse emissions and the attendant negative impact on climate change, global warming, and Hawaii's environment.

SB 1258, SD1, provides a number of important and achievable measures that will help to significantly reduce Hawaii's dependence on imported fossil fuel for electricity generation. It provides significant amendments to Hawaii's Renewable Portfolio Standards (RPS) law mandated in Section 269-91, HRS, (1) to require that the electrical energy savings and efficiency measures shall not count towards the RPS starting in 2015; (2) to increase the RPS goal from twenty per cent to twenty-five per cent of net electricity sales by December 31, 2020; and (3) to establish a forty per cent RPS goal by 2030. This bill requires that beginning 2015, one hundred per cent of the renewable portfolio standards shall be met by electrical generation from renewable energy resources. DBEDT strongly supports these amendments to Hawaii's RPS law, and would like to recommend the following modifications to the bill to further promote and accelerate Hawaii's transition to non-petroleum energy sources.

1) Change the amendment to §269-91.2.(2) to read as follows: **"... provided that such electrical energy savings except those brought about by customer-sited, grid-connected**

renewable energy systems, will not count towards the renewable portfolio standards beginning in 2015;

2) Add the following amendment to Section 269-92(b): **“(4) The commission shall not approve the construction or operation of a new electrical generation facility that produces electrical energy from the combustion of any type of fossil fuel.”**

These proposed changes will help further strengthen Hawaii’s RPS law, and effectively achieve its intent of increasing the production and use of renewable energy in Hawaii.

Another major provision in this bill which supports the achievement of the HCEI goal is the creation and designation of renewable energy zones to increase the use and development of renewable energy resources, as well as the identification and qualification of transmission projects and infrastructure crucial to the development of renewable energy resources, and which should receive assistance in accessing the use of special purpose revenue bonds for financing. We strongly support the bill’s proposed inclusion of these statutory functions of creating and designating renewable energy zones, and identifying, qualifying, and assisting access to the use of special purpose revenue bonds to finance, transmission projects and infrastructure, in the Energy Resources Coordinator’s statutory roles and functions as established in Section 196-4, Hawaii Revised Statutes.

DBEDT supports the amendment offered in Section 7 of this bill to expand the definition of “qualified business” in Section 209E-2, Hawaii Revised Statutes, to include businesses engaged in development or production of various types of renewable energy which may qualify for State enterprise zone tax incentives and regulatory flexibility which stimulate business,

agricultural, and industrial growth in areas that would result in neighborhood revitalization. Adding other forms of renewable resources including sun, falling water, biogas, geothermal, ocean water, currents, and waves, biomass, biofuels and hydrogen production from renewable energy sources into the Enterprise Zone (EZ) program is consistent with the current approved business activities which presently includes wind energy production. The incentives provided for in the EZ program such as the construction GET exemption and various county benefits will provide the impetus to help attract these businesses to Hawaii.

Another major issue addressed by this bill is renewable energy projects' permitting and facilitation. DBEDT supports Sections 8 and 9 of this bill which offer amendments to Section 201-12.5 and Sec 201N, Hawaii Revised Statutes. The bill proposes to expand the duties of the renewable energy facilitator by specifying the inclusion of renewable energy facilities' land parcels, production structure or equipment, energy transmission lines, and on-site infrastructure necessary for production of renewable energy, in the definition of renewable energy projects that are qualified for the facilitator's services.

DBEDT also supports the bill's proposed amendment to Section 201N, Hawaii Revised Statutes, to enable renewable energy facilities between five and two hundred megawatts and biofuel production facilities to apply to the Energy Resource Coordinator for approval to receive permitting process assistance from the renewable energy facilitator. This bill also speeds and clarifies the expediting process for renewable energy facilities permitting by amending Section 201N-4, HRS. DBEDT strongly supports these proposed amendments.

Thank you for the opportunity to testify.



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LATE

SENATE COMMITTEE ON WAYS AND MEANS

March 3, 2009, 9:30 A.M.

(Testimony is 2 pages long)

TESTIMONY IN SUPPORT OF SB 1258 SD1 WITH AMENDMENTS

Aloha Chair Kim and Members of the Committee:

The Sierra Club, Hawaii Chapter, with 5500 dues paying members statewide, supports SB 1258 with amendments, establishing comprehensive measures for increasing the production and use of renewable energy in the State. Hawaii's state policy should reflect our preferred choice of clean, indigenous, renewable sources of electricity. Moreover, energy efficiency -- a wonderful concept -- should be encouraged independently of our efforts to develop renewable energy.

Hawaii is the most dependent state in the nation on imported oil. Some 50 million barrels are imported annually, nearly 80% of which originate from foreign sources. In addition, over 805,000 tons of coal are imported into our state. These sources provide power for over 92% of Hawaii's electricity generation. The combustion of these resources also contributes over 23 million tons of climate changing greenhouse gas into our atmosphere annually.

We suggest, however, amending page 20 by striking the new language in lines 5 - 7. It is unclear why continuing reports by a permitting agency are necessary? The renewable energy facilitator should have the capacity to track and, if necessary, report to the legislature any potential problems. This language only creates a possibility that oral reports, etc., may not get considered and an environmentally undesirable project is allowed to proceed.

Hawaii's economic, environmental, and energy security demand that we reduce the amount of fossil fuel imported and consumed in Hawaii. This bill is a solid step in that direction.

Thank you for this opportunity to provide testimony.



Robert D. Harris, Director