

SB 393

GOODSILL ANDERSON QUINN & STIFEL

A LIMITED LIABILITY LAW PARTNERSHIP LLP

GOVERNMENT RELATIONS TEAM:
GARY M. SLOVIN
CHRISTOPHER G. PABLO
ANNE T. HORIUCHI
MIHOKO E. ITO

ALII PLACE, SUITE 1800 • 1099 ALAKEA STREET
HONOLULU, HAWAII 96813

MAIL ADDRESS: P.O. BOX 3196
HONOLULU, HAWAII 96801

TELEPHONE (808) 547-5600 • FAX (808) 547-5880
info@goodsill.com • www.goodsill.com

INTERNET:
gslovin@goodsill.com
cpablo@goodsill.com
ahoriuchi@goodsill.com
meito@goodsill.com

MEMORANDUM

TO: Senator Mike Gabbard
Chair, Committee on Energy and Environment

FROM: Gary M. Slovin

DATE: February 13, 2009

RE: **S.B. No. 393 – Relating to Special Purpose Revenue Bonds to Assist One Planet Energy, LLC, a Processing Enterprise**
Hearing on Tuesday, February 17, 2009 at 2:45 pm

Dear Chair Gabbard and Member of the Committee on Energy and Environment

I am Gary Slovin, testifying on behalf of One Planet Pacific Energy, LLC.

I strongly urge your support for S.B. 393, which provides for the issuance of \$35,000,000 in special purpose revenue bonds to One Planet Pacific Energy, LLC.¹

One Planet Energy, LLC (“One Planet Energy”), the owner of One Planet Pacific Energy LLC, is a US-based engineering, finance, development and management company that specializes in the commercial development of waste conversion technologies. The company, based in Kansas City, Missouri, designs, finances, develops owns and manages installations which use the thermal conversion processes of pyrolysis, gasification and solar to convert a wide variety of industrial, municipal and biological waste streams into clean, renewable energy. One Planet Energy has licensing agreements with a number of technology providers, which create customized solutions for each client and application and allow One Planet to design and build projects to solve waste disposal problems across a wide range of situations. Among these technologies are state-of-the-art gasification systems.

One Planet Pacific Energy LLC’s proposed project in Hawai‘i is for the construction of a 500-ton per day gasification facility adjoining the PVT construction and demolition landfill site

¹ We note that the report title and description of S.B. 393 incorrectly reference the name of the company as “One Planet Pacific Energy, LCC.”

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in Nanakuli on Oahu. This facility would utilize construction and demolition waste,² which would be processed using one of two proprietary gasification technologies.

The likely technology that will be used is the Kinsei quad stage gasification technology, which has been proven effective in converting medical, chemical, industrial and sorted municipal solid waste into clean power in nearly 300 systems throughout Asia. Kinsei has been designing and manufacturing gasification systems for over 40 years. The company's founder holds 22 patents worldwide, with 12 more pending approval. Many of Kinsei's systems have been in operation for over 25 years.

The gasification process produces a synthetic gas that can be used as a renewable fuel source, and for the Hawai'i project, this synthetic gas would be the renewable energy product. This process is environmentally friendly and produces minimal emissions and no harmful or toxic byproducts. The gasification process is a proven technology and many of these systems have been in operation for years.

One Planet Pacific Energy believes that its proposed gasification project will bring significant benefits to Hawai'i, by taking materials that are currently taking up valuable landfill space and converting them into a source of renewable energy through its synthetic gas production. In addition, the reduction in volume of waste material through the gasification process will extend the life of the landfill. Finally, the project will produce a substantial number of jobs for the local labor market during construction, and will employ approximately 15-20 employees to operate and maintain the plant on an ongoing basis.

While S.B. 393, as drafted, requests a special purpose revenue bond of \$35,000,000, we ask that this amount be amended to \$40,000,000, to reflect an increase in the estimated cost of the project.

We strongly urge your support of this bill, with the noted amendment.

Thank you very much for the opportunity to testify.

² The landfill processes construction and demolition materials only, and would not have an impact on the municipal waste stream processes at the HPower facility on Oahu.

WRITTEN TESTIMONY

TESTIMONY BY GEORGINA K. KAWAMURA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON ENERGY AND ENVIRONMENT
ON
SENATE BILL NO. 393

February 17, 2009

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST ONE PLANET PACIFIC ENERGY, LLC, A PROCESSING ENTERPRISE.

Senate Bill No. 393 authorizes the issuance of up to \$35,000,000 in special purpose revenue bonds to assist One Planet Pacific Energy, LLC in the planning, designing, constructing, and equipping of, and the acquisition of lands for, a gasification facility adjoining the construction and demolition material solid waste landfill located in Nanakuli, Oahu, Hawaii pursuant to Part IV, Chapter 39A, Hawaii Revised Statutes.

The Department has a technical comment on this bill. Under Section 144 of the Internal Revenue Code of 1986, as amended, tax exempt financing for processing projects are limited to \$10 million. We recommend that the project party consult with a bond counsel firm to determine if the project may qualify, under certain exemptions, for the full amount of tax-exempt financing.

The Department also recommends amendments to two Sections of the bill, as follows (new language underlined):

“SECTION 4. The department of budget and finance is authorized, from time to time, including times subsequent to June 30, 2014, to issue special purpose revenue bonds...”

“SECTION 5. The authorization to issue special purpose revenue bonds under this Act shall lapse on June 30, 2014.”

The amendments to Section 4 and 5 will make the special purpose revenue bond authorization consistent with Section 39A-117, HRS, which states, among other things, that no authorization shall be made for a period exceeding five years of its enactment.