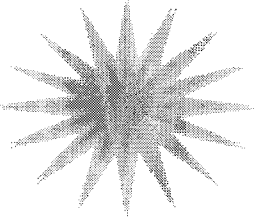


SB 391



Honolulu Seawater Air Conditioning, LLC

Affiliate of Renewable Energy Innovations, LLC, the COOL GREEN & CLEAN™ Company

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LATE

Testimony on

S.B. NO. 391 -

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST SEAWATER AIR CONDITIONING PROJECTS ON OAHU

Before the
Senate Committee on Ways and Means
Monday, March 2, 2009, 9:30 a.m., Conference Room 211

By
David Rezachek, Consultant
Honolulu Seawater Air Conditioning LLC

Good morning Chair Kim, Vice Chair Tsutsui, and members of the Committee. My name is David Rezachek and I am testifying on behalf of Honolulu Seawater Air Conditioning, LLC (HSWAC).

Honolulu Seawater Air Conditioning LLC (HSWAC) **strongly supports** S.B. 391, which authorizes the issuance of special purpose revenue bonds to Honolulu Seawater Air Conditioning, LLC, for the purpose of design and construction of a seawater air conditioning district cooling system in downtown Honolulu.

The legislature has previously authorized a total of \$100 million in SPRBs for this Project. This bill requests an additional \$30 million in SPRBs.

The balance of Downtown Honolulu SWAC Project funding will come from taxable bonds and private-sector equity investment.

The project is also very capital intensive. HSWAC has been working on the Project since the end of 2003, and has made significant progress since then. Cost increases for various systems components, findings during final design, and general inflation since 2003, have caused overall project costs to increase.

For example, during the final design and engineering phase of this project, it was discovered that soil conditions would not allow HSWAC to use horizontal directional drilling for seawater pipe deployment. As a result, much more expensive microtunneling will be required. HSWAC is committed to eliminating any impact on the reefs. HSWAC is committed to developing this project in an environmentally responsible way. Also, soil conditions added significant costs to the distribution and cooling plant construction.

And, in spite of these cost increases, this renewable energy project is still cost effective because of the many benefits it provides to customers and the overall community.

The development of the HSWAC Downtown Honolulu Project is very much in the public interest, as is indicated by the many benefits that are summarized in Section 1 of S.B. 391.

HSWAC is committed to the development of this project and appreciates the continued support of the Hawaii legislature.

Thank you for this opportunity to testify.

LATE

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Cully Judd
Inter Island Solar Supply

Herbert M. (Monty) Richards
Kahua Ranch Ltd.

TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE HAWAII
RENEWABLE ENERGY ALLIANCE BEFORE THE SENATE COMMITTEE ON
WAYS & MEANS

SB 391, RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE
BONDS TO ASSIST SEAWATER AIR CONDITIONING PROJECTS ON
OAHU.

March 2, 2009

Chair Kim, Vice-Chair Tsutsui and members of the Committee, I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance (HREA). HREA is a nonprofit corporation in Hawaii, established in 1995 by a group of individuals and organizations concerned about Hawaii's energy future. HREA's mission is to support, through education and advocacy, the use of renewables for a sustainable, energy-efficient, environmentally-friendly, economically-sound future for Hawaii. One of HREA's goals is to support appropriate policy changes in state and local government, the Public Utilities Commission and the electric utilities to encourage increased use of renewables in Hawaii.

The purpose of SB 391 is to authorize the issuance of special purpose revenue bonds to Honolulu Seawater Air Conditioning, LLC, for the purpose of design and construction of a seawater air conditioning district cooling system in downtown Honolulu.

HREA **strongly supports** this bill for the following reasons:

- (1) Honolulu Seawater Air Conditioning, LLC (HSWAC). HSWAC is a member of HREA and is in the process of developing two renewable energy seawater air conditioning district cooling systems on Hawaii. Passage of this legislation would help facilitate the financing of the proposed downtown Honolulu system and reduce the overall costs to install the system. This, in turn, will allow HSWAC to offer lower prices for supplying chilled water to their customers; and
- (2) Contributions to our state RPS mandate and HCEI goals. Finally, this bill supports our state RPS mandate and the Hawaii Clean Energy Initiative, as HSWAC's planned downtown Honolulu project will displace a portion of the utility electricity needed to cool buildings on Oahu. Specifically, this system will supply on the order of 25,000 tons of air conditioning capacity, which is approximately equivalent to an electrical load of 15 MW (capacity) and 63,000 MWh/year (electricity).

Thank for this opportunity to testify.