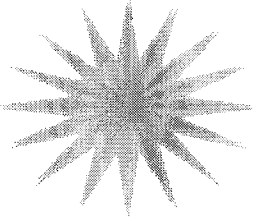


**SB 392**



# 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. 392 -**

## **RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST HONOLULU SEAWATER AIR CONDITIONING, LLC 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 392, which extends the authorization to issue special purpose revenue bonds (SPRBs) for Honolulu Seawater Air Conditioning, LLC for the design and construction of a seawater air conditioning/thermal energy storage district cooling system on Oahu.

HSWAC is an affiliate of Renewable Energy Innovations LLC, of St. Paul, Minnesota. REI has more than twenty years experience in operating district energy systems and is uniquely qualified to develop and operate a seawater air conditioning

(SWAC) district cooling system in Downtown Honolulu. HSWAC was organized for this purpose.

The legislature authorized \$32 million in SPRBs in 2004, and an additional \$68 million in subsequent years, and for this project. This bill extends the 2004 authorization to issue the initial \$32 million in SPRBs, for this Project, from 2009 to 2014.

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

This complex project will serve more than 14 million square feet of buildings in the Downtown Honolulu area. As such, environmental impact assessment, permitting, system design, system engineering, and customer design are time intensive, and have led to the need for HSWAC to request an extension of this authorization. HSWAC has demonstrated it is committed to completing and operating this renewable energy project.

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. Authorizations for only \$32 million of the \$100 million in SPRBs will have to be extended. Construction is scheduled to begin the fourth quarter of 2009 and HSWAC will use all of its authorized SPRBs over the next two years.

The requested SPRBs are a critical element of our financial framework for this very exciting project.

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.

# HAWAII RENEWABLE ENERGY ALLIANCE

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**LATE**

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

### SB 392, RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST HONOLULU SEAWATER AIR CONDITIONING, LLC 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 392 is to extend the authorization to issue special purpose revenue bonds for Honolulu Seawater Air Conditioning, LLC for the design and construction of a seawater air conditioning/thermal energy storage district cooling system on Oahu.

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 HECI 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); and
- (3) Additional Time is Needed. HSWAC has made good progress in developing its downtown Honolulu project, including preparing and issuing its draft EIS on the project in October 2008, marketing its system to potential customers and working to secure financing for the project. However, additional time is needed to complete these tasks, and HREA respectfully requests that the Committee pass out this bill.

Thank for this opportunity to testify.