



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of  
**THEODORE E. LIU**  
Director

Department of Business, Economic Development, and Tourism  
before the

**HOUSE COMMITTEE ON CONSUMER PROTECTION AND COMMERCE**

Wednesday, February 13, 2008

2:00 PM

State Capitol, Conference Room 325

in consideration of

**HB 2862 HD1**  
**RELATING TO WIND ENERGY.**

Chair Herkes, Vice Chair McKelvey, and members of the House Committee on  
Consumer Protection and Commerce.

The Department of Business, Economic Development, and Tourism (DBEDT) supports  
HB 2862 HD1 as it helps achieve the energy security and self-sufficiency goals of the Energy for  
Tomorrow initiative launched in 2006. This measure designates the Department of Business,  
Economic Development and Tourism (DBEDT) as the lead agency for the coordinated  
processing of permits for interisland wind energy and undersea cable projects.

It is clear that permitting is one of the major constraints to sizable renewable energy  
projects being implemented in Hawaii. On a regular basis, developers and investor tell us that  
the issue is not technology or capital, but the time that it takes projects to be completed in Hawaii  
that is the major deterrent to more renewable energy penetration on the island.

In order to make this measure capable of implementation and truly useful to the renewable energy projects, necessary and sufficient resources need to be provided. These resources include personnel and other costs related to a coordinated permit process. Without these resources, the intent and objective of this measure cannot be implemented. DBEDT is willing to work with the proponents of the measure on the details of such resource requirements.

Thank you for the opportunity to offer these comments.



STATE OF HAWAII  
DEPARTMENT OF HEALTH  
P.O. Box 3378  
HONOLULU, HAWAII 96801-3378

In reply, please refer to:  
File:

**COMMITTEE ON CONSUMER PROTECTION AND COMMERCE**

**H.B. 2862, H.D.1, Relating to Wind Energy**

**Testimony of Chiyome Leinaala Fukino, M.D.  
Director of Health**

**February 13, 2008  
2:00 pm**

1 **Department's Position:** The Department of Health (DOH) supports renewable energy and a faster and  
2 more efficient permit process and offers comments.

3 **Fiscal Implications:** None

4 **Purpose and Justification:** This measure is amended to improve the permitting process required for  
5 the development of a wind energy and undersea cable project. The Department of Business, Economic  
6 Development, and Tourism (DBEDT) is charged with responsibility over the permitting process.

7 The administration had a bill last year which would have coordinated permitting, and this year  
8 the Governor's State of the State address included making permitting easier for renewable energy  
9 projects, so we are pleased to see acceptance of the concept.

10 The DOH gives priority to processing alternative energy permits and has developed general  
11 permits to streamline the permit process. Our efforts help. For example, the DOH took two and three  
12 days, respectively, to issue Notices of General Permit Coverage for Big Island Pakini Nui Windfarm and  
13 Maui Kaheawa Wind Power project, respectively, after receipt of complete Notices of Intent.

14 We do question whether this bill requires more resources and ask that the legislature not replace  
15 the priorities in the executive supplemental budget proposal.

16 Thank you for the opportunity to testify on this measure.

# **Testimony before the House Committee On Consumer Protection & Commerce**

**By Ken T. Morikami  
Manager, Engineering Department  
Hawaiian Electric Company, Inc.**

**February 13, 2008**

**House Bill 2862 HD1  
Relating to Utilities**

Chair Herkes, Vice Chair McKelvey and Members of the Committee:

My name is Ken Morikami and I am testifying on behalf of the Hawaiian Electric Company and its subsidiaries, Hawaii Electric Light Company and Maui Electric Company.

We appreciate the intent of HB 2862 HD1 which is to improve the permitting process required for timely development of renewable energy in Hawaii.

We suggest, however, that the committee consider expanding the bill to include other forms of renewable energy such as the development of solar energy.

Thank you for the opportunity to testify on this matter.



D. NOELANI KALIPI  
DIRECTOR, GOVERNMENT & COMMUNITY RELATIONS  
UPC WIND MANAGEMENT, LLC

TESTIMONY ON H.B. 2862, HD1  
BEFORE THE  
HOUSE OF REPRESENTATIVES  
COMMITTEE ON CONSUMER PROTECTION & COMMERCE  
ON  
WEDNESDAY, February 13, 2008  
2:00 P.M. CONFERENCE ROOM 325

My name is D. Noelani Kalipi and I am the Director of Government & Community Relations for UPC Wind Management, LLC. UPC Wind Management, LLC is a wholly-owned subsidiary of UPC Wind Partners, LLC and provides administrative services to UPC Hawaii Wind, a partnership between UPC Wind Partners and Makani Nui Associates. UPC Hawaii Wind developed, constructed and owns and operates Hawaii's largest utility-scale wind farm, Kaheawa Wind Power, a 30MW facility located on the island of Maui. UPC Hawaii Wind is actively working to decrease Hawaii's reliance on fossil fuels for its electricity needs and has been working to develop additional wind generation facilities on the islands of Oahu, Kauai, Maui, and Molokai. **UPC Hawaii Wind supports the passage of HB 2862, HD1 as drafted.**

UPC Hawaii Wind initially opposed HB 2862 as introduced because it included (1) language that made the bill exclusive to a wind farm on Lanai and (2) attempted to consolidate the extensive permitting process for a project of this magnitude by eliminating jurisdiction from those agencies with extensive expertise in issues that require examination (e.g. conservation, incidental take, archaeological and cultural impact) and, in the name of expediency, placed all of that review under the Department of Business, Economic Development, and Tourism. In its current form, HB 2862, HD1, is applicable to all islands and includes a streamlined and coordinated, but not consolidated, process.

UPC Hawaii Wind constructed Hawaii's largest wind farm, Kaheawa Wind Power (30 MW), on state conservation lands and is well-aware of how time-consuming and complicated it can be to permit a wind farm in Hawaii. We are proud of our demonstrated

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record, which includes the precedent of being the first operating wind farm in the United States to establish a Habitat Conservation Plan, which required joint jurisdiction between the State of Hawaii's Division of Forestry and Wildlife and the U.S. Department of Fish and Wildlife. We believe the community, public, and government review is critical to the success of a wind project in Hawaii. There must be transparency as well as an opportunity for public input in the process.

UPC Hawaii Wind supports streamlining the permitting process in terms of eliminating unnecessary duplication in the permitting process, concurrent review of permits, where applicable, and better communication and coordination among agencies with jurisdiction. UPC Hawaii Wind feels strongly, however, that jurisdiction in the permitting process needs to remain with state agencies that have the expertise, personnel, and resources to provide the appropriate review of any proposed wind farm in Hawaii, particularly one that would involve an undersea cable.

Instead of transferring jurisdiction from other state agencies to DBEDT, we support the establishment of a renewable energy facilitator within DBEDT that is charged with coordinating the permitting process with the wind developer and the state, federal, and county governments to ensure timely, yet proper, review of the proposed project. We support the proposed statutory deadline for the process and believe 24 months is a reasonable time to move a project through its required review.

We stand at the brink of change in Hawaii, where, after many years of ideas and dreams, we finally have reliable technology to harness our natural resources in a manner that can truly provide us with a measure of sustainability. We must be careful as we move forward that we do so in a culturally and environmentally appropriate manner. A streamlined and coordinated permit process can allow for such success in the State of Hawaii.

For these reasons, we respectfully ask your favorable passage of HB 2862, HD1. Thank you for this opportunity to testify.

# LIFE OF THE LAND

*Ua Mau Ke Ea O Ka Aina I Ka Pono*

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Committee on Consumer Protection & Commerce  
Chair: Rep. Robert N. Herkes  
Vice Chair: Angus L.K. McKelvey

Date: Wednesday, February 13, 2008  
Time: 2:00 p.m.  
Room: 325

Bill: HB 2862      Interisland Wind Projects

Aloha Chair Herkes, Vice Chair McKelvey and Members of the Committee,

Life of the Land is Hawai'i's own environmental and community action group advocating for the people and the `aina since 1970. Our mission is to preserve and protect the life of the land through sustainable land use and energy policies and by promoting open government through research, education, advocacy, and litigation.

Castle & Cooke has proposed ramming through the largest, most complex energy project in state history (300-400MW interisland energy project). DBEDT could approve the project, overriding all state and county agencies, and they could do this before any public comments are received. The state approval process could be exempt from sunshine, public hearings and contested case hearings.

The bill stated: (1) "[DBEDT's energy resources] coordinator, on behalf of the relevant state agencies, shall approve the permits" (2) "Nothing in this chapter or chapter 343 shall prohibit the review and processing by the coordinator of applications for permits for a renewable energy facility concurrently with the preparation and processing by the applicant of an environmental impact statement for the facility. To accomplish the concurrent review, the coordinator may consent to the receipt and review of portions of a draft of an environmental impact statement before its completion."

Please modify this bill to require Castle and Cooke to pay for an independent, thoroughly reviewed, Environmental Impact Statement of their proposal.

Henry Curtis  
Executive Director

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# LIFE OF THE LAND

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Committee on Consumer Protection & Commerce

Chair: Rep. Robert N. Herkes

Vice Chair: Angus L.K. McKelvey

Date: Wednesday, February 13, 2008

Time: 2:00 p.m.

Room: 325

Bill: HB 2862 Interisland Wind Projects

Aloha Chair Herkes, Vice Chair McKelvey and Members of the Committee,

Life of the Land is Hawai'i's own environmental and community action group advocating for the people and the ʻaina since 1970. Our mission is to preserve and protect the life of the land through sustainable land use and energy policies and by promoting open government through research, education, advocacy, and litigation.

Castle & Cooke has proposed building a 300-400 MW wind farm on Lanai, and connecting Lanai to Oʻahu via an underground Transmission Line.

Castle & Cooke is a party in the Public Utilities Commission docket that will establish Wheeling (paying a toll to utilities to use the existing transmission and distribution grid). The electricity would be sold to governmental facilities at or near the retail electricity rate. The wheeling rules and regulations will take three years (circa 2011) to be implemented, which is about when the wind farm could first come on line.



BUT WHAT IF SOMETHING GOES WRONG ??

That is why Castle and Cooke proposed this bill. This bill would enable them to sell wind energy to the utility at the far lower wholesale rate. They would make far less profit. That is why they don't want this bill. This proposed bill is a to legalize a fall-back scenario which that they want now for insurance purposes !

But a single purpose bill, like the Superferry, may run afoul of the State Constitution. So the Energy & Environmental Protection Committee (EEP) modified the bill so that it could apply to anyone.

One such proposal was recently given to Life of the Land for review. It involves building wind farms in Maui County, shipping it to O`ahu, building a new Maui County transmission line, a new O`ahu transmission line and a new O`ahu Pumped Storage Facility, and tying the whole thing into the O`ahu electrical grid. This proposal would be covered by this bill.

This bill is explicit: It covers "A wind energy facility, including all associated buildings, structures, other improvements, equipment, wells, and transmission lines, on any island in the State of Hawaii for the purpose of generating electric energy for transmission primarily to the island of Oahu through the cable system; and

(2) An interisland deep water electrical transmission cable system, including all land-based transmission lines and other ancillary facilities, to transmit wind generated electric energy from any neighbor island in the State of Hawaii to the island of Oahu, regardless of whether the cable system is used to deliver electric energy to any intervening point."

The bill would also cover off-shore wind farms (we have seen two proposals), as long as the undersea cable goes between islands.

Imagine an offshore wind farm between Molokai, Lanai and Maui (great wind resource), tied to O`ahu, to be fast-tracked. Any legislative modification down the road could be labeled a "takings" against a developer who believed that this Legislature wanted to ram through all inter-island wind proposals.

Life of the Land's position is that we should be 80-100% renewable by 2020, for transportation (excluding air) and electricity, using local, low impact, climate-friendly, energy sources. There should be no fast tracking of proposals. Any good proposal will survive thoughtful analysis and community involvement.



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**Testimony by Castle & Cooke Hawaii**

**Before the Committee on Consumer Protection & Commerce**

**February 13, 2008**

**2:00 pm**

**Room 325**

**HB 2862, HD1 Relating to Wind Energy**

Chair Herkes, Vice Chair McKelvey and members of the committee:

On behalf of Castle & Cooke Hawaii, thank you for allowing me to testify today.

I am Tim Hill, Executive Vice President, Castle & Cooke Lanai Renewable Energy Programs; here to express our support for the intent of HB 2862, HD 1, that establishes a coordinated process for the approval of permits for an interisland wind energy and undersea cable project.

**However, coordination is not sufficient. We need consolidation as set forth in the original HB 2862, rather than a coordinated process, as set forth in HB 2862, HD1, for the approval of permits for an interisland wind energy and undersea cable project.**

Castle & Cooke is committed to bringing renewable energy to Hawaii. Today, I want to tell you what Castle & Cooke is doing, our record of delivering on our commitments, and why Castle & Cooke supports believes that consolidation, as set forth in HB 2862 is essential to our efforts and to the success of the State's renewable energy mandate.

economy. And the money stays here.” Castle & Cooke’s renewable energy projects are a big step toward that vision.

We foresee additional benefits for the people of Lanai and Hawaii. We believe our projects will help stabilize energy costs and thus stabilize the cost of living in our state. We also believe that they will provide new job opportunities for residents. And we know that they will help us utilize our bountiful natural resources. All of which means, these projects are instrumental in building a truly sustainable Hawaii.

Senate President Colleen Hanabusa said that when it comes to sustainability, we all play for the same team. Castle & Cooke is a committed part of that team.

### **Castle & Cooke: Part of Hawaii’s Past, Part of Hawaii’s Future**

Castle & Cooke has been a business leader in Hawaii for 150 years, and we plan to be here for the next 150 years. We like to say that we are “Investing in Hawaii...Creating communities...Delivering dreams.”

You may know Castle & Cooke as a leading agriculture and land development company. We’re also a diversified firm with the commitment and resources to deliver solutions. Look at our track record:

- **Mililani:** We promised a diverse, master-planned community for Hawaii families, and we delivered:
  - Home to over 50,000 people in more than 16,000 homes.
  - Mililani is the only Hawaii community to be designated an All-America City.
  - In 2005, *Money* magazine called Mililani one of the best places to live in the United States.
  - Started in 1968, we will complete Mililani on the first quarter of 2008; a 40 year commitment of providing homes for Hawaii Families
- Our total investment is in the order of \$3.85 billion in infrastructure and vertical construction; an average of \$96 million each year for the past 40 years.

We see renewable energy as essential for Hawaii’s future, and our commitment to that future comes directly from our owner, Mr. David Murdock, who has committed resources to make it happen. We believe renewable energy projects

make the best use of our Lanai lands, and can provide positive results for the future of Hawaii.

Renewable energy is essential to that future. We are prepared to invest close to \$1 billion of our resources in renewable energy. That's our commitment. We will deliver.

**Castle & Cooke supports HB 2862, HD1, but believes that a consolidated process, as set forth in the original HB 2862, rather than a coordinated process, as set forth in HB 2862, HD1, for the approval of permits for an interisland wind energy and undersea cable project that will foster the type of large scale renewable energy projects this state needs to meet both the State's 20 percent by 2020 mandate, as well as the new Clean Energy Initiative of 70 percent renewable energy by 2030 goal.**

Castle & Cooke is uniquely situated to build an unprecedented renewable energy project on Lanai. A 400 mega watt wind farm, as currently planned by Castle & Cooke:

- 1) has the potential to supply more than one million mega watt hours of electricity a year – about 15% of Oahu's annual power needs;
- 2) could offset emissions equivalent to 220,000 cars per year; and
- 3) reduce oil imports to Hawaii by 3 million barrels per year.

Obviously, the advantages to the State of Hawaii are tremendous. Moreover, the potential of this project is magnified because Castle & Cooke owns 98 percent of the island, and has a very motivated owner, who is not asking for any state financial assistance. The combination of these factors is unique and opportune, but we must expedite the process while being good stewards of our resources, environment and culture.

Castle & Cooke's plans to build a wind farm on Lanai, which can provide Oahu with 15 percent of its electricity needs is unprecedented. Although there have been attempts in the past to bring renewable energy from one island to another, like bringing abundant geothermal energy from the Big Island to serve the critical need on Oahu, technical logistics have prevented developers from actual implementation. In comparison, proven technology exist now, by which up to 400 mega watts of energy can be safely transmitted undersea for over 100 miles, way more then the distance between Lanai and Oahu. The time to take action is this renewable energy project is now.

So far, the process of establishing large scale renewable projects in Hawaii has averaged ten years, many of which were bogged down in redundant and time consuming permitting processes. This type of unpredictable and drawn out permitting process is injurious to further investment by private industry into the large scale renewable energy projects Hawaii needs to secure its energy future and meets its renewable goals

Castle & Cooke is committed to investing over close to \$1 billion to create a wind farm on Lanai that could produce 15 percent of Oahu's electricity needs, and reduce our State's dependency on imported oil. As a developer committed to Hawaii's future, what Castle & Cooke is looking to the Legislature for is some predictability with respect to the government permitting process. **Ten years is too long to be mired in redundant permitting process, which currently does not have explicit timetables.** HB 2862 establishes a needed consolidated process for the approval of permits for an interisland wind energy and undersea cable project.

On behalf of Castle & Cooke, I ask for your support for the intent of HB 2862, HD1, in the original form of HB 2862. Mahalo and thank you for your time.

If you have any questions, please feel free to contact:

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