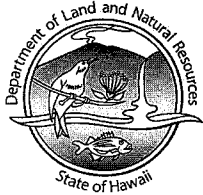


HB 3179

LINDA LINGLE
GOVERNOR OF HAWAII



**STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES**

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CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

**TESTIMONY OF THE CHAIRPERSON
OF THE BOARD OF LAND AND NATURAL RESOURCES**

**on House Bill 3179 – RELATING TO THE DEFINITION OF RENEWABLE
ENERGY PRODUCER**

**BEFORE THE SENATE COMMITTEES ON
ENERGY AND ENVIRONMENT
and
AGRICULTURE AND HAWAIIAN AFFAIRS**

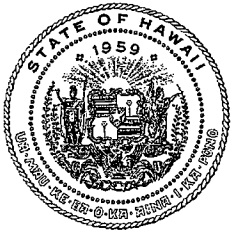
March 20, 2008

House Bill 3179 proposes to amend the definition of "renewable energy producer" to include growers and producers of organic materials used primarily for the production of biofuels or other fuels, so that they will be eligible for direct leases of public land. This bill would clarify and expand the definition of "renewable energy producer" to include growers and producers of organic materials used primarily for the production of biofuels or other fuels. This bill also clarifies that the waste product or by-product from the organic material grown may be used for other useful purposes (e.g., mulch, feed, or feedstock, etc.). The Department of Land and Natural Resources strongly supports this Administration measure.

Act 102, Session Laws of Hawaii 2002, authorized the Board of Land and Natural Resources to lease public lands to renewable energy producers through direct negotiation. The intent of this Act was to encourage the development of renewable energy projects and to reduce the State's dependency on fossil fuels. The inclusion of biofuels in the definition of renewable energy recognized the value of this important renewable energy technology.

The current law, however, does not take into consideration that, unlike other renewable energy technologies, biofuel production does not require its fuel production facilities to be located at the same location as the energy source. In fact, due to generally different requirements for industrial and agricultural zoned districts, it is often advantageous to separate biofuel production facilities from the sources of its feedstock. The growing and production of the organic materials that constitute the feedstock for biofuel production is nevertheless an inseparable part of that production process.

The State's current energy policy supports the development of renewable energy by decreasing reliance on fossil fuels and providing reliable alternate sources of fuel and energy. As an integral part of the production of biofuels, growers and producers of organic materials used primarily for the production of biofuels or other fuels should be afforded the benefit of direct negotiation for leasing public lands pursuant to the State's current energy policy.



**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
SENATE COMMITTEES
ON
AGRICULTURE AND HAWAIIAN AFFAIRS
AND
ENERGY AND ENVIRONMENT
Thursday, March 20, 2008
2:45 p.m.
State Capitol, Conference Room 224

in consideration of
HB3179
RELATING TO THE DEFINITION OF RENEWABLE ENERGY PRODUCER.

Chairs Tokuda and Menor, Vice Chairs English and Hooser, and Members of the
Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) strongly
supports HB3179, an Administration measure, which amends the definition of "renewable energy
producer" to allow growers and producers of bioenergy resources to be eligible for direct leases
of public land.

We commend the Department of Land and Natural Resources for their understanding and
support of Hawaii's energy future, and thank the Committees for hearing this bill.

As described in the legislation, the current definition unintentionally discourages the local
production of materials that could be used for the production of energy or biofuels at a different
location. The proposed amendment would remove that barrier.

This is a necessary and effective means of encouraging the local production of renewable
energy, and we encourage the Legislature to pass this measure.

Thank you for the opportunity to offer these comments.

**Testimony before the
Senate Committees on
Energy and Environment
and
Agriculture and Hawaiian Affairs**

**H.B. 3179 – Relating to the Definition
of Renewable Energy Producer**

**Thursday, March 20, 2008
2:45 pm, Conference Room 224**

**By Arthur Seki
Director of Technology
Hawaiian Electric Company, Inc.**

Chairs Menor and Tokuda, Vice Chairs Hooser and English, and Members of the Committees:

My name is Arthur Seki – I am the Director of Technology in the Energy Solutions & Technology Department at Hawaiian Electric Company. I am testifying on behalf of Hawaiian Electric Company (HECO) and its subsidiary utilities, Maui Electric Company (MECO) and Hawaii Electric Light Company (HELCO), hereby referred to collectively as the HECO.

We support H.B. 3179 and also recommend a technical change in the language on page 3, lines 8 and 10, by replacing organic with biomass.

As you may know, HECO Utilities are committed to exploring and using biofuels in its existing and planned generating units. The use of biofuels can reduce the State's dependence on imported oil and increase the amount of renewable energy from sustainable resources. This commitment by the HECO Utilities is demonstrated by the following initiatives:

- HECO's next power plant (100 MW) on Oahu (located at Campbell Industrial Park) will be 100% biofueled;
- MECO tested biodiesel in its diesel engines and combustion turbine at Maalaea power plant and will conduct further tests;
- HECO and MECO are partnering with BlueEarth Biofuels to build a 40 million gallon per year biodiesel production plant on Maui;
- HECO is providing seed funding to the Hawaii Agriculture Research Center (HARC) and the agriculture departments at the University of Hawaii's Manoa and Hilo campuses to conduct biofuel crop research; and
- HECO is examining micro-algae biofuel development that could use carbon dioxide from our power plant stacks.

In conclusion, HECO Utilities support H.B. 3179 as a way to stimulate the development of locally produced biofuels.

Thank you for the opportunity to present this testimony.