

**DEPARTMENT OF BUSINESS,
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Statement of
THEODORE E. LIU
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEES
ON
ENERGY AND ENVIRONMENTAL PROTECTION
AND
WATER, LAND, OCEAN RESOURCES AND HAWAIIAN AFFAIRS
Tuesday, February 12, 2008
8:50 a.m.
State Capitol, Conference Room 312

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

Chairs Morita and Ito, Vice Chairs Carroll and Karamatsu, 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.

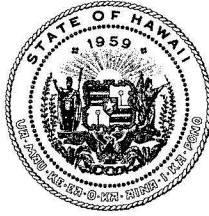
We commend the Department of Land and Natural Resources for their understanding and support of Hawaii's energy future, and thank the Committees for hearing this bill.

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.

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

on House Bill 3179 – RELATING TO RENEWABLE ENERGY

**BEFORE THE HOUSE COMMITTEES ON
WATER, LAND, OCEAN RESOURCES, AND HAWAIIAN AFFAIRS
and
ENERGY AND ENVIRONMENTAL PROTECTION**

February 12, 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.

**Testimony before the
House Committees on

Water, Land, Ocean, Resources & Hawaiian Affairs
and
Energy and Environmental Protection**

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

Tuesday, February 12, 2008
8:50 am, Conference Room 312

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

Chairs Ito and Morita, Vice Chairs Karamatsu and Carroll, 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 that amends the definition of renewable energy producer. We also recommend a technical change in the text on page 3, lines 8 and 10, by replacing the word “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 developing test plans for a biofuel blend demonstration in a steam boiler generating unit on Oahu;
- HELCO will be testing biodiesel blends in a diesel engine on the Big Island;
- MECO will be testing glycerin (biodiesel by-product) in a Kahului steam boiler on Maui; and
- 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.

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.