

Testimony before the House Committees on
Energy & Environmental Protection and
Water, Land, Ocean Resources & Hawaiian Affairs

S.B. 2034 Authorizing the Issuance of Special Purpose
Revenue Bonds to Assist Oceanlinx Hawaii, LLC
Monday, March 17, 2008
9:30 a.m., Conference Room 312

By Ed Reinhardt
President, Maui Electric Company, Inc.

Chairs Morita and Ito, Vice Chairs Carroll and Karamatsu, and members of
the Committees:

My name is Ed Reinhardt and I am testifying on behalf of Hawaiian
Electric Company, Inc., and its subsidiary utilities, Maui Electric Company,
Ltd., and Hawaii Electric Light Company, Inc.

The Hawaiian Electric companies support Senate Bill 2034, which
would authorize issuance of Special Purpose Revenue Bonds in the
amount of \$20 million to assist Oceanlinx Hawaii, LLC.

Oceanlinx Hawaii, the local subsidiary of Australia-based Oceanlinx,
has developed a unique, commercially efficient system for extracting
energy from ocean waves and converting it to electricity.

Oceanlinx proposes to install floating wave energy converters at sea
north of Pauwela Point in Northeast Maui and a submarine cable crossing
east of Maliko Bay, where it will feed into a substation and provide up to 2.7
megawatts to the Maui grid. This demonstration wave farm could be
expanded to provide energy to the Maui grid and the technology could be
used throughout the islands.

The Hawaiian Electric companies, in common with most Hawaii
residents, are concerned with Hawaii's dependence on imported fossil fuel
and the economic, security and environmental vulnerability that brings. We
are actively seeking environmentally-friendly ways to reduce Hawaii's
dependence on imported fossil fuel, increase our energy security and
reduce our global warming impact.

Over the last dozen years, Hawaiian Electric's renewable energy specialists have closely monitored the progress of more than a dozen ocean energy technologies – and our companies have consulted and assisted with those companies' efforts whenever possible. In Oceanlinx, we believe we have found a wave technology that makes sense for Hawaii.

Oceanlinx Hawaii will prepare an Environmental Impact Statement as part of the approvals it must seek. Maui Electric Company will work with Oceanlinx to negotiate a purchase power agreement beneficial to Maui Electric customers and fair to that company. That PPA will, of course, be subject to approval by the Hawaii Public Utilities Commission.

Wave energy will be an excellent complement to other renewable resources on Maui, including biomass energy from the Hawaiian Commercial & Sugar (HC&S) plantation, wind energy from UPC's Kaheawa Wind Farm, clean, renewable biodiesel to fuel our generators at Ma'alaea, as well as hydro and solar power. This is the true definition of a renewable portfolio: a variety of sources of power, and the more that are local, the better.

Getting started with wave energy will not be inexpensive. Although costs should go down as the scale of production increases with wider deployment and greater experience, being a first mover has costs

Clearly, the ability to finance this project in part under the favorable rates of a Special Purpose Revenue Bond would help move this project forward at no cost or liability to Hawaii taxpayers and great benefit.

We urge you to pass this bill.

Thank you for the opportunity to testify.