

LINDA LINGLE
Governor



SANDRA LEE KUNIMOTO
Chairperson, Board of Agriculture

DUANE K. OKAMOTO
Deputy to the Chairperson

State of Hawaii
DEPARTMENT OF AGRICULTURE
1428 South King Street
Honolulu, Hawaii 96814-2512

TESTIMONY OF SANDRA LEE KUNIMOTO
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEES ON AGRICULTURE
AND
ENERGY & ENVIRONMENTAL PROTECTION
THURSDAY, MARCH 13, 2008
9:30 A.M.
ROM 312

SENATE BILL NO. 2467, S.D.2
RELATING TO LOANS TO ASSIST AGRICULTURAL AND AQUACULTURAL
INDUSTRIES

Chairpersons Tsuji and Morita and Members of the Committees:

Thank you for the opportunity to comment on Senate Bill 2467, Senate Draft 2. The Department strongly supports this bill which would create new classes of loans for renewable sustainable projects for farmers and aquaculturists. The department strongly supports the bill as it will assist agricultural and aquaculture operations to become more sustainable. Energy costs for farm and aquaculture operations will continue to rise and this program will allow these operations to generate their own energy to offset some of their costs. In addition, excess energy could be sold to utility companies providing supplemental income for the operations and reduce the State's reliance on fossil fuels.

The bill also allows funding of projects such as food safety and traceability which is increasingly important in today's food supply chain. The program would allow farms and aquaculture operations to undertake these types of projects at a favorable interest rate and allow them to remain competitive.

**Testimony before the
House Committees on**

**Agriculture
and
Energy & Environmental Protection**

**S.B. 2467 SD2 – Related to Loans to Assist Agricultural and
Aquacultural Industries**

**Thursday, March 13, 2008
9:30 am, Conference Room 312**

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

Chairs Tsuji and Morita, Vice Chairs Brower 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 Utilities.

We support S.B. 2467 SD2 that would establish the Hawaii farm renewable sustainable energy loan program to provide financial assistance to farmers and aquaculturists for developing sustainable energy. Loans can stimulate the development of a local biofuel industry to produce renewable fuel for power generation in Hawaii.

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;
- HECO and MECO are partnering with BlueEarth Biofuels to build a 40 million gallon per year biodiesel production plant on Maui;
- MECO tested biodiesel in its diesel engines and combustion turbine at Maalaea power plant and will conduct further tests;
- 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 S.B. 2467 SD2 as a way to stimulate the development of locally produced biofuels.

Thank you for the opportunity to present this testimony.



TESTIMONY IN STRONG SUPPORT OF SB 2467, SD2 – House EEP and AGR Committees

March 13, 2008

9:30 AM – Conference Room 312

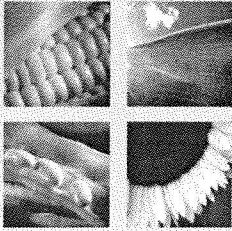
Chair Morita, Chair Tsuji, respected committee members; I am Landis Maez, President of BlueEarth Biofuels. BlueEarth Biofuels is building a state-of-the-art biodiesel plant on Maui which will significantly advance the State toward fossil fuel independence. We will eventually be replacing all of the petroleum diesel used by the Maui Electric Company with sustainable (as certified via independent 3rd party audit) biodiesel and moving Maui closer to real fossil fuel independence while making a significant positive impact on life-cycle greenhouse gas emissions.

BlueEarth's philosophy is all about 'Doing It Right' and setting the bar very high for our industry. Part of 'Doing it Right' includes creating local feedstock sources to; enhance our energy security, create jobs within the agricultural sector, preserve our agricultural lands, and re-green fallow agricultural lands with important revenue producing crops.

In walking-the-walk, BlueEarth is investing heavily in the required plant brick-and-mortar to stimulate meaningful local agriculture investment and will be sharing our profits with local agriculture for ongoing bio-crop infrastructure development. More importantly, we have fully committed to buying local feedstock when it becomes available and will do so under long-term contracts (including adequate financial guarantees for each of those contracts) with growers as they need not shoulder the out-year price and quantity risk burden for their new crops and associated agricultural businesses.

BlueEarth Biofuels fully supports SB 2467, SD2, which allows access to important financing for local farmers to make the investment in producing local vegetable oils to replace the State's petroleum consumption. This coupled with the biodiesel industry's responsibility to secure long-term financially backed offtake contracts with local farmers and producers will further enhance our State's ability to meet the environmental, energy security, and economic challenges that lie ahead.

We see this bill as a strong and positive step towards ending the State's dependence on fossil fuels. Thank you for your time and consideration in allowing me to submit written testimony.



Hawaii Crop Improvement Association

Growing the Future of Worldwide Agriculture in Hawaii

Testimony by: Sarah Styan

SB 2467sd2, Loans to Assist Agricultural and Aquacultural Industries

House AGR/EEP Committees

Thursday, March 13, 2008

Room 312: 9:30 am

Position: Support

Chairs Tsuji and Morita, and Members of the House AGR/EEP Committees:

My name is Sarah Styan. I am a Kauai resident, President of HCIA and research scientist of Pioneer Hi-Bred International, Waimea Research Station. The HCIA represents seed production and research facilities operating in Hawaii for nearly 40 years. The HCIA is comprised of five member companies that farm an estimated 8,000 acres on four islands, valued at \$97.6 million in operating budget (2006/2007 HASS). We are proud members of Hawaii's diversified agriculture and life sciences industries.

The purpose of this bill is to establish a loan program to provide financial assistance to farm producers for the production of sustainable energy. Currently, only direct farm activities are able to qualify for the DOA agriculture loan program.

This bill will broaden the qualifications and increase the dollar amount of loans needed to develop alternative energy-type farm operations. Farms, or agricultural lands, offer the natural resources and land to best pursue alternative energy farm production.

Offering this program will have an impact on reducing Hawaii's reliance on fossil fuels, reduce farm production costs, and create new business opportunities for farmers interested in alternative energy production.

I can be reached at 808-338-8300 ext. 113 if there are any questions. Thank you for the opportunity to present testimony.

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**Hawaii
Aquaculture
Association**

To:

THE HOUSE OF REPRESENTATIVES
THE TWENTY-FOURTH LEGISLATURE
REGULAR SESSION OF 2008

COMMITTEE ON AGRICULTURE
Rep. Clift Tsuji, Chair
Rep. Tom Brower, Vice Chair

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Rep. Hermina M. Morita, Chair
Rep. Mele Carroll, Vice Chair

HEARING

DATE: Thursday, March 13, 2008
TIME: 9:30 AM
PLACE: Conference Room 312, State Capitol
415 South Beretania St

From: Ron Weidenbach, President, Hawaii Aquaculture Association
Phone: 429-3147, Email: hawaiiifish@gmail.com

Re: **SB 2467 SD2 Relating to loans to assist agricultural and aquacultural industries**

Chairs Tsuji and Morita, Vice-Chairs Brower and Carroll, and Members of the Committees:

The Hawaii Aquaculture Association (HAA) **strongly supports Senate Bill 2467 SD2**, which establishes the Hawaii farm renewable sustainable energy loan program to provide financial assistance for the development of sustainable energy by farmers and aquaculturists.

Aquaculture is one of the fastest growing segments of diversified agriculture in the State, reaching \$21.3M in wholesale product value in 2006. However, this industry is largely comprised of family farm operations that often struggle to make ends meet. Developing sustainable and renewable energy projects is in the best interest of long term sustainability for both the industry and state, but such ventures will be nearly impossible for aquaculturists without financial support. Eligibility to apply for loans specific to energy projects as well as non-energy related loans allows our aquaculturists to utilize their natural resources and develop new products and processes vital to their continued success.

HAA strongly supports this bill, and encourages the committee to vote for it so that the Hawaii aquaculture industry can continue to expand and contribute increasingly to Hawaii's economy. Thank you for the opportunity to testify.