

HAWAII RENEWABLE ENERGY ALLIANCE

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TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE HAWAII RENEWABLE ENERGY ALLIANCE BEFORE THE SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

SB 2744, RELATING TO HYDROGEN FUEL

January 31, 2008

Chair Menor, Vice-Chair Hooser and members of the Committee I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance (HREA). HREA is a nonprofit corporation in Hawaii, established in 1995 by a group of individuals and organizations concerned about the energy future of Hawaii. HREA's mission is to support, through education and advocacy, the use of renewables for a sustainable, energy-efficient, environmentally-friendly, economically-sound future for Hawaii. One of HREA's goals is to support appropriate policy changes in state and local government, the Public Utilities Commission and the electric utilities to encourage increased use of renewables in Hawaii.

The purpose of SB 2744 is to provide a tax credit and general excise tax exemption for the hydrogen fuel industry.

HREA cannot support this bill as written and offers the following comments, should the committee wish to move the bill forward:

1. Renewable Hydrogen. As the bill is written, it does not clearly define the source of the hydrogen. HREA cannot support this bill, unless the proposed incentives are for hydrogen produced from renewable energy, e.g., electrolyzing water with wind and solar power and
2. Fiscal Impact Analysis. The bill does not reference any analysis of the fiscal impacts of the proposed tax credits and excise tax exemptions. We recommend that the promoters of this legislation provide an analysis equivalent to that provided by the solar industry (the "Tom Loudat" study) in support of the tax credits for solar. We also would like to reference the work of the Energy Efficiency Policy Task Force that supported tax credits for solar thermal, wind and photovoltaics. In both cases, a significant amount of analysis and evaluation was conducted, whereas we are not aware of any similar analysis of the proposed incentives for hydrogen.

Thank you for this opportunity to testify.