



LATE  
Testimony

**Hawaii Solar Energy Association**  
*Serving Hawaii Since 1977*

February 18, 2009  
Room 312  
9:00 A.M

House  
Committee Agriculture  
HB1271

Mark Duda  
President

**Testimony in Strong Support**

**Chair Tsuji and Members of the Committees:**

*Hawaii Solar Energy Association (HSEA) members manufacture and install the majority of solar water heating systems, and install the majority of solar PV systems in the State of Hawaii. HSEA is comprised of more than 30 installers, distributors, manufacturers and financiers of solar energy systems, both hot water and PV, most of which are Hawaii based, owned and operated. The organization's primary goals are: (1) to further solar energy and related arts, sciences and technologies with concern for the ecologic, social and economic fabric of the area; (2) to encourage the widespread utilization of solar equipment as a means of lowering the cost of energy to the American public, to help stabilize our economy, to develop independence from fossil fuel and thereby reduce carbon emissions that contribute to climate change; (3) to establish, foster and advance the usefulness of the members, and their various products and services related to the economic applications of the conversion of solar energy for various useful purposes; and (4) to cooperate in, and contribute toward, the enhancement of widespread understanding of the various applications of solar energy conversion in order to increase their usefulness to society.*

**HSEA makes the following comments regarding this measure:**

HSEA strongly supports levying an additional surcharge on each barrel of oil imported to Hawaii and applying those funds to energy efficiency and clean energy investments. HSEA believes that a \$5 surcharge should be levied on each barrel of oil imported into Hawaii to support these activities. As we dramatically expand our clean energy capacity in Hawaii, the real economic benefits of this carbon surcharge will far outweigh the additional burden it may present. Expanding the per-barrel surcharge, as HB 1271 HD1 does, is smart tax-shifting policy to foster greater energy independence by tapping into the source of our problem – dependence on imported oil - to fund the solution.

In addition, HSEA supports the establishment of an energy and food security task force to be tasked with examining areas of energy security planning and implementation. HSEA has no position at this time on linking those duties with food security issues, although we understand and appreciate the motivation behind doing so.

February 18, 2009

Committee on Agriculture  
State of Hawai'i, House of Representatives

Transmitted electronically

**Re: Support for HB1271 HD1**

Aloha Chair Tsuji and Members of the Agriculture Committee:

Kanu Hawai'i is a growing movement of more than 6,500 individuals who believe that islanders must model sustainability, compassion, and self-reliance for the world. Our members are ordinary citizens, from every Hawai'i community and every walk of life. We are united by a belief that our islands' unique strengths might help solve some of the world's most pressing problems – from climate change to ethnic conflict and the risks of globalized production.

In Hawai'i, we have an ancient tradition of environmental stewardship, rooted in island realities of fragile ecosystems and limited resources. We also have a keen understanding that it pays to invest in self-reliance because of our isolation. Islanders live with an acute sense of these things, and we strive use these perspectives to encourage "island living" for an increasingly island-like world. Kanu's members walk this talk by committing publicly to sustainable action steps in our own lives (you can view our members and their commitments online at [kanuhawaii.org](http://kanuhawaii.org)).

Although Kanu Hawai'i's members care deeply about issues of climate change, food security, and renewable energy, and though we are among the leaders of this movement, we do not claim to speak for the entire membership. In the coming weeks, we will be working hard to raise our members' collective awareness and voice on this issue and this measure.

We are writing in support of HB1271.

The experience of the past two years has proven definitively that higher oil prices create a powerful incentive to move away from fossil fuels that contribute to climate change and toward investment in cleaner alternatives. The "environmental response and energy and food security tax" (hereafter, "barrel tax") can help preserve and stabilize these incentives, even during temporary dips in the price of oil like the one we are currently experiencing. It would encourage consumers to conserve electricity, use mass transit, reduce driving, and take other steps that reduce climate-altering emissions. It could help create a stable investment environment – assuring investors that renewable energy projects will not become riskier due to sporadic and temporary dips in oil prices.

However, to accomplish these important aims, we encourage the committee to consider two changes to the bill:

**First, the barrel tax should be structured to set a “floor price” on oil of \$100 per barrel.** At the current market price of \$40 per barrel, the tax would be \$60 per barrel. The tax would change as the market price of oil changed, keeping the effective price of oil at \$100 per barrel for Hawai’i oil users. When the market price of oil reaches or exceeds \$100 per barrel, the tax would be \$0.

Setting a floor on the price of oil is the best way to sustain incentives that shift consumer behavior toward energy conservation, and investor dollars toward renewable energy projects. The effective price of \$100 per barrel is important because at \$100 per barrel, consumer and investor behavior begins to change. At prices lower than this, behavior and investment remains focused on oil-dependent fuels, products, and projects.

With roughly 50 million barrels of oil imported to Hawai’i annually, and at current oil prices of \$40, the barrel tax would generate \$3 billion in its first year if structured in this way. Naturally, as demand for oil dropped, so would tax revenues. Indeed, we would expect declining tax revenues in subsequent years as overall demand for expensive oil decreases, and cheaper clean alternatives become more widely available in the islands.

Setting the barrel tax to create a floor price of \$100 may seem like a big step – and a large tax – given that the current price of oil is so low. It would place gas prices at about \$3.00 per gallon – a dollar more than today’s prices, but still below the average for all of 2008. Moreover, this tax burden would be temporary – it would only exist until oil’s market price rises back above \$100, which it certainly will as the global economy recovers and global demand rebounds. So, the tax imposes a temporary burden on Hawai’i consumers in exchange for long-term energy reliability and affordability.

**Second, revenues from the barrel tax should be used, in part, to offset the disproportionate financial burden on low-income families,** and the disproportionate physical impact on communities where renewable energy infrastructure is sited. The principal downside of a barrel tax is that it is highly regressive – hitting the poor hardest because they spend a larger portion of their small incomes on things like gas and electricity. Revenues from a barrel tax should therefore be used, in part, to offset the impact on low-income families – perhaps through funding a State Earned-Income Tax Credit or a refund to those below a certain income threshold.

Revenues should also be used to compensate communities that are burdened by new energy infrastructure (e.g., wind farms, inter-island cables, or transfer stations)

through community benefits packages. A high estimate of these costs (both a low-income tax credit and community benefits package) is \$75 million, leaving a hefty sum for other investments like those described in the bill.

If these two recommended changes cannot be made, then we urge the Committee to increase the barrel tax to a minimum of \$5.00 per barrel. Though the incentive effect is minimal, at least the tax would generate significant revenues for investment into renewable energy efforts in Hawai'i.

With or without the suggested changes above, this measure represents our best hope for a clean, secure energy future in Hawai'i. It would begin to tax the primary source of climate change, and make the price of oil reflect the true cost of the damage it creates. It would lay the groundwork for a giant leap forward in the battle against climate change – one that would place Hawai'i at the forefront of solution-seekers, and make good on our potential as a model of island living for an island world.

We at Kanu Hawai'i will be working hard to educate ourselves and our 6,500 members on this important measure, raising our collective awareness and our collective voice.

We apologize that we could not be at the hearing in person to answer questions. If you would like to discuss this testimony, feel free to contact James Koshiba directly.

Mahalo for your consideration.

James T. Koshiba  
Executive Director  
Kanu Hawaii

Makena Coffman  
Board Member  
Kanu Hawai'i

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LATE  
Testimony

TO: House Committee on Agriculture  
Honorable Representative Clift Tsuji, Chairman

RE: Testimony in Support of HB1271 HD1 Relating To Government

HEARING: Wednesday, February 18, 2009, 9:00am

Mr. Chairman and members of the Committee:

I appreciate this committee's consideration of HB1271 HD1, and welcome this opportunity to submit testimony in support of it.

My name is Larry Gilbert, and I am the Managing Director and Chief Executive of Sennet Capital LLC. Sennet Capital is a Hawai'i merchant bank that focuses entirely on providing and arranging funding for Hawai'i companies and renewable energy projects. We have become one of the leading experts in Hawai'i in solar project financing, and recently completed one of the largest solar project financings done in Hawai'i when we arranged the financing for Hoku Solar to put solar panels on all of the Neighbor Island airports for the State of Hawai'i Department of Transportation.

As a provider of financing for renewable energy projects in Hawai'i, we see firsthand how much Hawai'i could benefit by creating additional infrastructure, services and funding to support renewable energy projects here. For example, funding provided by the oil surcharge contained in HB1271 HD1 could be used to support monetizing the Hawai'i Renewable Energy Tax Credit, which is currently virtually useless to Hawai'i taxpayers. Making that tax credit useable could bring hundreds of millions of dollars of outside investment funds into Hawai'i for the installation and operation of solar photovoltaic projects, helping to get Hawai'i away from fossil fuel dependency and creating long-term, good-paying jobs for our citizens.

The oil surcharge in HB1271 HD1 provides an elegant way to use the source of one of Hawai'i's greatest problems as the funding to support the solution.

For all of these reasons, Sennet Capital strongly supports HB1271 HD1, and urges this Committee to recommend its passage to the House and the Legislature.

Thank you for the opportunity to submit this testimony, and please feel free to contact me if I can be of further assistance.

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# Sierra Club Hawai'i Chapter

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LATE  
Testimony

## HOUSE COMMITTEE ON AGRICULTURE

February 18, 2009, 9:00 A.M.

*(Testimony is 2 pages long)*

### TESTIMONY IN SUPPORT OF HB 1271, HD1

Aloha Chair Tsuji and Members of the Committee:

The Sierra Club, Hawai'i Chapter, with 5500 dues paying members statewide, strongly supports HB 1271, HD1, establishing a comprehensive review of Hawai'i's energy and food security needs. The bill is a smart tax-shifting policy designed to foster greater energy independence by tapping into the source of our problem so as to fund our preferred future. It has the additional benefit of putting Hawai'i's money to work here on the islands instead of simply sending it off to the Middle East.

The concept behind this measure is to help "internalize" the external costs of certain activities; in this case, charge a fee for products that are damaging to the environment and use that money to help mitigate the damage. The link is quite clear between the use of petroleum products and corresponding impacts on our fragile island environments—not only in oil spills, which was the original impetus for the environmental response tax, but also in runoff from the roads our cars drive on, in degraded air quality, and in greenhouse gas emissions and climate change. Currently, the Department of Health is desperately under-funded and lacks the resources to adequately deal with these environmental impacts. This measure would provide additional funds for their efforts, as well as provide funding for energy efficiency projects and development of renewable energy critical for Hawai'i's long-term future.

While we all likely agree we need to aggressively increase our clean energy use in Hawai'i and decrease our reliance on imported crude, we cannot do it with funding for research, development, and policy implementation. House Bill 1271, HD1, wisely taps the source of our problem—imported oil—to fund clean energy programs. We believe this measure will indirectly provide benefits in excess of the small \$1.00 fee increase through facilitating the transition away from expensive fossil fuels. That should remain be our primary focus if the concern is economics.

**To put the larger issue of oil cost in perspective, consider we were recently paying a tax of \$95 per barrel of oil.** That's the difference between what oil cost in 2008 and what it costs now. This "tax" went into the hands of foreign countries and oil developers. Wouldn't



Robert D. Harris, Director

we rather spend this money here in Hawai'i? Wouldn't we rather ensure our oil and food security for the future and avoid future market volatility?

If cost of living and cost to economy are primary concerns (not to mention climate change), providing funding to accelerate clean energy adoption should be a priority—even if it is a nominal \$1.00 charge to residents. Of course, we are very open to finding ways to mitigate the regressive nature of any carbon fee. For example, we could create a floor charge of \$60 or \$75 per barrel of oil. The advantage of this concept is to utilize the current low prices of oil to maximum effect, but have minimal effect on consumers if and when oil prices rise above this floor charge.

We acknowledge that raising taxes is never a popular move. But we believe the public would commit to this proposal if there is a solid commitment towards applying the money for the wise use of the Islands' reservoir of power -- the use of wind, waves, geothermal, and the sun.

House Bill 1271, HD1, is smart tax-shifting policy that encourages resource conservation and increases our ability to protect Hawaii's environment by making the "polluter pay." As we dramatically expand our clean energy capacity in Hawai'i, the real economic benefits of this carbon surcharge will far outweigh the additional burden it may present. This common sense policy will foster greater energy independence by tapping into the source of our problem to fund our preferred future.

Thank you for the opportunity to testify.

# SUNPOWER

Room # 312      9:00 AM      February 18, 2009

**House Committee on Agriculture**  
**HB1271                      RELATING TO GOVERNMENT**

**LATE**  
**Testimony**

**Chair Tsuji, Vice-Chair Wooley and Committee Members:**

Introduction: My name is Riley Saito Senior Manager, Hawaii Projects for the SunPower Systems Corporation. Thank you in advance for accepting these comments on **HB1271**.

SunPower Systems Corporation ("SunPower") has been a member of the Hawaii Energy Policy Forum since it convened in 2003 and a member of the Energy Generation working group for the Hawaii Clean Energy Initiative over the past year. SunPower is in the business of designing, manufacturing, and delivering the highest efficiency solar electric technology worldwide. One of our latest projects was the 1.2 megawatt La Ola solar farm on Lanai with Castle & Cooke Hawaii.

SunPower supports any legislature to address Hawaii's energy and food security needs, and strives, to the degree possible and practicable, make Hawaii food and energy independent. We particularly like the increase in the tax collected on each barrel of imported oil because it will hopefully discourage the use of fossil fuels in Hawaii and encourages people to make wise energy choices.

Mahalo for the opportunity to submit testimony.



**wooley1-Christopher**

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**From:** Josh Stanbro [jstanbro@hawaii.gov] [mailto:jstanbro@hawaii.gov]  
**Sent:** Tuesday, February 17, 2009 9:32 PM  
**To:** AGRtestimony  
**Subject:** Strong Support for HB 1271, Room 312

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Testimony

Aloha Chair Tsuji and Committee,

I know that it is never pleasant to impose fees. But if ever in our state's history--and in your tenure at the state legislature--it is warranted, it is today. Please pass HB 1271 and amend to increase the per barrel fee to \$10/barrel. Our economy is in peril and our planet is overheating, and the cause of both is our dependence on oil. In we truly want our families to live in a prosperous, clean, safe Hawai'i, there is only one path to our goal: putting a price on carbon, and using the proceeds to help build a green economy and clean energy system that will last forever for our islands. My daughter is just 5 months old and I think about the sea level rise and massive deficits that she will likely face every day if we do not act. We have a narrow window to act for the best interests of our kids and grandkids. Please do not miss it for the sake of political expediency. History will not judge us or our excuses kindly.

Mahalo for your service to our state, and your leadership on this issue.

Josh Stanbro & Maxine Burkett  
P?lolo Valley, O'ahu



LATE  
Testimony

**WINDWARD  
AHUPUA'A ALLIANCE**

From the Peaks of Na Ko'olau to the Outer Reefs

*Community-Based Planning  
Sustainable Economic Development  
Restoration, Preservation, Protection & Public Access  
Educational & Cultural Programs*

**COMMITTEE ON AGRICULTURE**

*Rep. Clift Tsuji, Chair*

*Rep. Jessica Wooley, Vice Chair*

**PUBLIC HEARING**

9 am

Wednesday, February 18, 2009

Conference Room 312

**HB 1271 HD1 - RELATING TO GOVERNMENT**

**Comments & Amendment**

My name is Shannon Wood speaking on behalf of the *Windward Ahupua'a Alliance*, a 501c3 Hawai'i non-profit corporation, established in July, 2002.

*WAA* works to educate & inform residents, visitors, businesses, policymakers & the media all across Hawai'i about using Smart Growth planning principles.

One of our legislative priorities this session is to establish food and fuel security policies to address both environmental & economic issues. Land planted with palm trees or soybeans or corn or sugar to be converted into biofuels cannot be turned into food at the same time. Still, we shouldn't have to be forced to choose between the two. That's why working on these issues in the same room, so to speak, is necessary.

Another issue *WAA* focuses on is directly tied to energy issues - the reduction of greenhouse gas emissions, global warming & sea level rise.

Still, I have some very real concerns about this bill along with some of the amendments being offered by some of our colleagues in the environmental movement.

Before I go into details, however, I want to make it very clear that *WAA* is committed to making sure that Hawai'i becomes *energy independent*. By that I mean, we must reduce our consumption of fossil fuels such as oil & coal and start tapping into the wealth of natural energy resources which surround us here in the middle of the Pacific Ocean.

My first concern is that the Hawai'i Energy and Food Security Task Force will wind up being made up of policy wonks with little in the way of real-world experience in running a successful agricultural operation.

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Website: <http://www.waa-hawaii.org>

On the other hand, task forces with many members such as have been suggested in other bills working their way through the *Legislature* are terribly inefficient. Therefore, I urge the Committee to reconsider some of the appointees to include at least one or two individuals with real-life experiences.

My second concern lies with the amendment proposed by *The Blue Planet Foundation* increasing the per barrel surcharge from \$1 to \$5.

There are major debates going on in Washington, D.C. and around the world as to whether one aspect of our collective energy policies to reduce greenhouse gas emissions should be instituting CAP & TRADE or a CARBON TAX or both.

I currently serve on a *Progressive Democrats of America* advocacy team working the halls of *Congress* and meeting with leadership in the *Obama Administration* on environmental, economic & energy issues. Actually, I'm the only one who isn't there on a regular basis, but I am in constant communication with my colleagues.

Recently, our team decided to collaborate with another *PDA* team working on economic & environmental justice issues to make sure that we do not support policies which will work against the interests of folks often left out of the decision-making process - poor people, people of color, people with limited education, people with little or no access to decision-makers.

Economic justice - or its lack- is what concerns me about increasing the surcharge. We must make any carbon tax revenue-neutral. Therefore, if you plan to consider the 500% bump in order to make it financially less attractive to use fossil fuels to power up our homes, businesses & vehicles, then you need to create a tax credit to help offset the higher percentage of total income that many folks will pay for being "green" without any choice in the matter.

The *Carbon Tax Center*, established in January 2007, to give voice to Americans who believe that taxing emissions of carbon dioxide - the primary greenhouse gas - is imperative to reduce global warming, argues that a permanent and increasing U.S. carbon tax is essential to reduce GHG emissions. However, *CTC* also says that a carbon tax should be revenue-neutral and that the government can soften the impacts of added costs by paying back the tax revenues or reducing other taxes.

To summarize - although I support the intent of this bill, it still needs tweaking in two areas: The makeup of the Task Force and the regressive carbon tax.

*Mahalo* for the opportunity to testify on this bill.

## wooley1-Christopher

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**From:** Julianne King |  
**Sent:** Wednesday, February 18, 2009 10:56 AM  
**To:** Rep. Clifton K. Tsuji; AGRtestimony  
**Subject:** Strong support for HB 1271 HD1 Clean Energy Investment Fund

Clift Tsuji  
Committee on Agriculture

Julianne King

Kailua, HI 96734

Wednesday, February 18, 2009 09:00 AM

Strong support for HB 1271 HD1 Clean Energy Investment Fund

TESTIMONY IN STRONG SUPPORT OF HB 1271 HD1, SUGGESTED AMENDMENT

Chair Tsuji and members of the committee:

The Blue Planet Foundation strongly supports House Bill 1271 HD1, providing for funding of food and energy security through a surcharge on each barrel of oil imported into Hawaii. We believe, however, that the best use of the proposed "environmental response and energy and food security" surcharge on oil should be used to accelerate Hawaii's transition to energy independence. Blue Planet proposes the following amendments to HB 1271 HD1:

- Increase the oil surcharge to \$5 per barrel (approximately \$250 million annually); and
- Apply the majority of the funding raised through the surcharge to a Clean Energy Investment Fund that is used to:
  1. Vastly increase the capacity of the energy efficiency public benefit funds administrator, including increasing and adding efficiency incentives such as appliance buy-back programs, free home energy audits, solar water heater and compact fluorescent / LED rebates, and other efficiency programs (\$40 million);
  2. Provide funding to monetize the existing state renewable energy tax credits (i.e. allow investors to tax certain tax credits as direct refunds) (\$50 million);
  3. Significantly invest in smart grid infrastructure and energy storage (cost share with electric utilities) (\$80 million);
  4. Fund the work of the public utilities commission to expedite the resolution of the many energy dockets that they are currently investigating and deciding (\$5 million);
  5. Offer incentives for electric vehicle purchasers and for those installing public charge spots (\$10 million);
  6. Fund the activities of the energy office and greenhouse gas emissions reduction task force (\$2 million);
  7. Provide research and development prize money for breakthroughs in commercializing clean, safe, indigenous, and renewable transportation fuels, particularly for jet fuel purposes (\$20 million); and
  8. Provide funding for other critical projects to create Hawaii's preferred energy future (\$10 million).

If we truly want to rapidly transition Hawaii to energy independence, we have to be prepared to invest in that preferred future today. We cannot afford to wait until the economy recovers and the price of oil returns to triple-digits as it did last summer. The low oil price today presents a perfect opportunity to tap the source of our energy problem to fund our solutions.

LATE  
Testimony

Hawaii is the most dependent state in the nation on imported oil. Some 50 million barrels are imported annually, nearly 80% of which originate from foreign sources. In addition, over 805,000 tons of coal are imported into our state. These sources provide power for over 92% of Hawaii's electricity generation. The combustion of these resources also contributes over 23 million tons of climate changing greenhouse gas into our atmosphere annually. Hawaii's economic, environmental, and energy security demand that we reduce the amount of fossil fuel imported and consumed in Hawaii. To that end, new policies and sources of funding are critically needed that will dramatically increase energy efficiency, build our smart energy infrastructure with storage, and develop clean, renewable, and indigenous energy sources.

Blue Planet generally supports the establishment of an "energy and food security task force" to be tasked with examining areas of energy security planning and implementation. We have no position at this time on coupling those duties with food security issues, although we understand and appreciate the motivation behind joining those issues. Blue Planet does, however, strongly support levying an additional surcharge on each barrel of oil imported to Hawaii and applying those funds to energy efficiency and clean energy investments. We believe a \$5 surcharge should be levied on each barrel of oil imported into Hawaii for these purposes.

Expanding the per-barrel surcharge, as HB 1271 HD1 does, is smart tax-shifting policy to foster greater energy independence by tapping into the source of our problem to fund our preferred future. The concept behind the measure is to help "internalize" the external costs of certain activities; in this case, charge a fee for products that are damaging to the environment and use that money to help mitigate the damage. The link is quite clear between the use of petroleum products and corresponding impacts on our fragile island environments— not only in oil spills, which was the original impetus for the environmental response tax, but also in runoff from the roads our cars drive on, in degraded air quality, and in greenhouse gas emissions and climate change.

A \$10.35 "carbon fee" is average. Many European countries have carbon taxes that exceed \$10.00 per ton. Last year, the Canadian province of British Columbia enacted a carbon fee that started at approximately \$8.00 per ton (English) in July, 2008, and increases to \$24 per ton by 2012.

The impact of CO2 emissions alone from one barrel oil is much greater than the proposed tax. The Gas Company, in their Integrated Resource Plan, attempted to quantify the externalities (impacts not reflected in the market costs of an activity) per ton of pollutant. They examined environmental, energy security, macroeconomic and employment, and social and cultural externalities. Their results are shocking: the low estimate was \$10/ton CO2, the mid-range was \$27/ton CO2, and the high was \$77/ton CO2. Again, the approximate carbon tax equivalent of this measure is \$10.35.

While we all likely agree that we need to aggressively increase our clean energy use in Hawaii and decrease our reliance on imported crude, we cannot do it with funding for planning, implementation, development, and funding. House Bill 1271 HB1 wisely taps the source of our problem—imported oil—to fund clean energy programs.

House Bill 1271 HD1 can be a smart tax-shifting policy that encourages energy conservation while providing critical funding for a diversity of clean energy and energy efficiency investments statewide. It works by making the "polluter pay." As we dramatically expand our clean energy capacity in Hawaii, the real economic benefits of this carbon surcharge will far outweigh the additional burden it may present. This common sense policy will foster greater energy independence by tapping into the source of our problem to fund our preferred future.

We ask that the Committee on Agriculture forward an amended HB 1271 HD1 that contains a \$5 per barrel surcharge with funding being allocated to the clean energy and energy efficiency

programs as described on page 1 of this testimony. Blue Planet is happy to work with the Committee to develop appropriate language to accomplish that outcome.

Thank you for the opportunity to testify.