

#2

Testimony in SUPPORT OF THE INTENT with COMMENTS SB1202 SD2 HD1

RELATING TO TRANSPORTATION ENERGY INITIATIVES  
Presented to the House Committee on Finance

at the public hearing to be held 3 p.m. Monday, April 6, 2009  
in Conference Room 308  
Hawaii State Capitol

Testimony submitted by the David H. Rolf for  
The Hawaii Automobile Dealers Association  
Hawaii's franchised new car dealers

Chair Oshiro and members of the committee:

The members of the Hawaii Automobile Dealers Association support the concept of Hawaii's Clean Energy Initiative. Dealers feel, however that rules and regulations should match the realities of the marketplace. Part II of the bill is labeled Incentives and Requirements, but has only Requirements—one of which is a requirement for businesses and government buildings with more than 50 public parking stalls to have up to 10% of those stalls reserved for electric vehicles by December 31, 2015. Since The Hawaii Clean Energy Initiative only projects 50,000 electric vehicles on the roadways by that time—approximately less than 5% of the motor vehicles in the state—the requirement and the realities don't mesh. Further, auto manufacturers have not finalized plans for production runs and the availability of such vehicles is not known at this time.

PART II

BUSINESS INCENTIVES AND REQUIREMENTS

SECTION 4. Chapter 291, Hawaii Revised Statutes, is amended by adding two new sections to be appropriately designated and to read as follows:

**"§291-A Designation of parking spaces for electric vehicles...**

HADA testimony on SB1202 SD2 HD1 for 3 p.m. April 6, 2009 Finance Committee hearing, page 2

Dealers suggest that requirements for parking more closely match projected in-service times of electric vehicles.

Further, incentives for purchase of electric vehicles, like the federal "Cash for Clunkers" proposal which proposes to offer a cash incentive in the \$3000-\$4000 range for customers trading in their older higher gas-consumption vehicles (proposed for vehicles in the nine to ten-year-old range) on the purchase of a new hybrid, fuel efficient vehicle, (or we would also suggest plug-in electric vehicle).

Thank you for allowing us the opportunity to comment.

Respectfully submitted,

David H. Rolf  
For The Hawaii Automobile Dealers Association  
Hawaii's New Car Dealers  
1100 Alakea St. Suite 2601  
Honolulu, Hawaii 96813  
Tel: 808 593-0031 Cel: ;808 223-6015 Fax: 808 593-0569



# International Brotherhood of Electrical Workers

LOCAL UNION NO. 1186 • Affiliated with AFL-CIO

1935 HAU STREET, ROOM 401 • HONOLULU, HI 96813-5103  
TELEPHONE (808) 847-5341 • FAX (808) 847-2224

**LATE**  
*agrad*

## TESTIMONY SUPPORTING SB1202 SD2 HD1 RELATING TO TRANSPORTATION ENERGY INITIATIVES

(Via Fax: 586-6001)

TO: HOUSE FINANCE COMMITTEE

RE: For Hearing on Monday, April 06, 2009, 3 p.m., House Conference Room 308

Honorable **Chair Oshiro**, Vice Chair Lee, and House Committee members,

My name is **Damien Kim**, and I am the Business Manager – Financial Secretary of the **International Brotherhood of Electrical Workers Local Union 1186** representing over 3,500 members of the electrical construction, telecommunication, Oceanic Cable; and civil service employees at Pearl Harbor Shipyard, Kaneohe Marine Base and Hickam. IBEW Local 1186 also represents over 120 signatory electrical contractors that perform most of the electrical work in Hawaii.

We support SB1202 SD2 HD1 and its efforts to promote the use of renewable energy sources for Hawaii's transportation needs. Incentives to accelerate investments in worthwhile projects will pay off in the long run and make Hawaii less dependent on uncertain outside sources for our growing energy needs.

Thank you for providing me with this opportunity to testify in support of SB1202 SD2 HD1.

Mahalo and aloha,

**Damien Kim**  
Business Manager – Financial Secretary  
International Brotherhood of  
Electrical Workers, Local Union 1186

WRITTEN ONLY

*Agenda*

TESTIMONY BY GEORGINA K. KAWAMURA  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEE ON FINANCE  
ON  
SENATE BILL NO. 1202, S.D. 2, H.D. 1

**LATE**

April 6, 2009

RELATING TO TRANSPORTATION ENERGY INITIATIVES

Senate Bill No. 1202, S.D. 2, H.D. 1, establishes the transportation energy transformation grant fund program (grant program) to provide grants to purchasers of electric vehicles and promote programs that diversify transportation energy sources in the State. The bill also establishes the transportation energy transformation grant special fund to receive legislative appropriations, federal funds, earned interest, and funds from other sources which will be expended by the Department of Business, Economic Development and Tourism. The special fund will be used to develop and implement the grant program.

As a matter of general policy, this department does not support the creation of any special fund that does not meet the requirements of Section 37-52.3, HRS. Special funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. It is difficult to determine whether the transportation energy transformation grant special fund will be self-sustaining.

**BETTER PLACE HAWAII, INC.**  
**POLICYMAKER FAQ — Spring 2009**



**What is Better Place Hawaii?**

Better Place Hawaii (BPH) is a subsidiary operating company of Better Place LLC. Better Place Hawaii coordinates with Hawaii utilities, automobile dealers, State and county governments and other stakeholders to deploy an electric vehicle charging network powered by renewable energy.

**What are the legislative proposals being supported by BPH?**

<b>SB1202</b>	Policy and Planning Priorities
<b>SB1037</b> <b>HB1466</b>	<ul style="list-style-type: none"> <li>▪ Establishes objectives and policies that will increase and diversify Hawaii's economic base, including the R&amp;D of non-fossil fuel and energy efficient modes of transportation. Directs the state's energy systems to be dependable, efficient, and economical and lead to increased energy self-sufficiency.</li> </ul>
	Business Incentives and Requirements
	<ul style="list-style-type: none"> <li>▪ Designates parking spaces for electric vehicles and charging units and establishes fines for those who park a non-electric vehicle in a space reserved for an electric vehicle.</li> <li>▪ Makes clear that those who own or operate plants and facilities primarily used to charge or charge electric vehicle batteries are not "public utilities".</li> <li>▪ Establishes an income tax credit for the purchase and installation of electric vehicle charging infrastructure (up to 70% of the installed costs or \$1,000 per charge spot, whichever is less).</li> <li>▪ Establishes an income tax credit for alternative fuel refueling infrastructure installed and placed in service (up to 30% of the installed cost or \$25,000, whichever is less).</li> </ul>
	Government Agency Requirements
	<ul style="list-style-type: none"> <li>▪ Directs the Department of Transportation to consult with stakeholders to develop and implement a plan to expedite State and county permitting and installation of battery exchange stations and electric vehicle charging outlets.</li> <li>▪ Directs agencies to purchase, if appropriate for the intended use, Electric or Alternative Fuel Vehicles as fleets turn over.</li> <li>▪ Requires the Energy Resources Coordinator to track the number and type of vehicles in use and the effectiveness of efforts to increase the efficiency and diversify the fuel needs of Hawaii's transportation sector.</li> </ul>
<b>HB1483</b>	\$45 million Special Purpose Revenue Bond for Better Place Hawaii, Inc.

**When will cars be available in Hawaii?**

Initial testing of Electric Vehicles will take place starting in late 2009 – 2010. Commercial availability is expected starting in late 2011 (general public and fleets).

**Will Hybrids and PHEVs be able to charge on this network?**

Yes, Better Place is committed to building an open standards- based network that will accommodate all standards-compliant, "plug enabled" vehicles to charge.

**How many charge spots, battery swap/renewable fueling stations will be needed? How many jobs will be created in Hawai'i?**

100+ vehicles Increased Charging 1 - 5 BEX/RFS <100 jobs	2,500+ vehicles 5,000 – 10,000 CS 10 - 15 BEX/RFS 200+ jobs	10,000+ vehicles 20,000 – 30,000 CS 20 - 25 BEX/RFS 200+ jobs
Vehicle Samples Initial Charge Spots Test/Analysis 10+ jobs	500+ vehicles 1,000 – 2,000 CS 5 - 10 BEX/RFS 100+ jobs	5,000+ Vehicles 11,000 – 15,000 CS 15 - 20 BEX/RFS 200+ jobs

CS - Total Charge Spots

BEX/RFS - Total Battery Exchange or Renewable Fueling Stations

Jobs - Related jobs (direct and indirect) in any given year, does not reflect power grid upgrade jobs

Note: Estimated vehicles, charge spots and BEX/Renewable Fueling Stations are based on Hawai'i DBEDT data and may not reflect Better Place estimates and plans

**What are the public benefits and return on investment for the State tax credits/incentives?**

The State, taxpayers and ratepayers will receive tremendous benefits in the transition to electricity-powered transportation, including;

- Reduced demand for gas and oil imports
- Reduced demand for electricity during peak demand times of day (Better Place intelligent charging network) = Lower costs to ratepayers/taxpayers
- Increased demand for off-peak and renewable energy when capacity is high = lower costs of renewable energy
- Reduced utility costs (distributed network of batteries in EVs – large scale and distributed energy storage) = Lower costs to ratepayers/taxpayers
- Increased tax receipts from Better Place and related companies and from the EV industry as a whole

**What are the costs to the State? Will these mandates last forever?**

Both the adoption incentives and parking lot mandates will sunset after 2016. Tax credits and mandates should be closely monitored to ensure that these programs achieve their intended public purpose and that there is a favorable cost/benefit ratio that produces a positive impact for the State. Based on Hawai'i Government estimates for EV penetration, costs of tax credits/incentives may be:

Estimated State Tax Credits per year (\$ in thousands)						
	2010	2011	2012	2013	2014	2015
Charge points	\$1,400	\$3,000	\$6,600	\$11,000	\$18,000	\$25,000
Renewable Fueling	\$100	\$100	\$100	\$100	\$100	\$100

\*Amounts are per year, non cumulative. Based on Hawai'i State Government estimates

**Where will charging spots be located?**

Charge spots will be placed in parking lots of fleet operators, subscribers' home garages, office parking garages, state/municipal parking lots and many parking lots available to the general public (e.g. shopping centers and malls) .

**How much does Better Place Hawai'i expect to invest in Hawai'i?**

Better Place Hawai'i expects that it will take several hundred million dollars to build out its network in the State.

**Is Better Place working with car manufacturers other than Renault/Nissan?**



Better Place is collaborating and in negotiations with multiple carmakers and expects to make positive announcements soon. In the last year virtually all major auto manufacturers have

announced plans to build electric vehicles, and Better Place is proactively working to make its smart charging network compatible with these cars.

**What is your deployment plan?**

Better Place Hawai'i plans to deploy on Oahu, Maui and Hawai'i in close succession, with Oahu being the main hub of the network. We are working closely with Kaua'i to insure that it deploys in a similar timeframe by developing strong deployment partners and ensuring availability of renewable energy.

**What will charging stations and a battery exchange station look like?**

Electric Parking Lot in Israel	Battery Exchange Station Concept
	
<p>When a car is parked, it is plugged into a charge spot, synchronized with the network and the car's battery recharged. Any standards-compliant, plug-enabled car can connect.</p>	<p>A depleted battery is automatically replaced by a fully charged battery in less time than it takes to stop and fill your tank with gas.</p>

**How long will it take to fully recharge or swap a depleted battery?**

It will take approximately three to six hours to recharge a fully depleted battery using normal trickle charge (depending on whether you are at home or work/store). It will take less than five minutes to replace a battery at one of Better Place's automated exchange stations.

**How much will it cost to "recharge"?**

Similar to the mobile-phone model, various subscription plans (unlimited mi/month, 1,000mi/month, prepaid, etc.) will be offered, representing different costs on a per-mile basis, in general competitive with gasoline and alternate fuel sources.

**Viability of the financial model**

Better Place is well funded and financially prepared to move its business forward. Better Place LLC was founded with a \$200 million first round of funding in October 2007. In October 2008, Better Place Australia announced that the global investment bank Macquarie Capital Group agreed to raise \$1 billion (AUD). In January 2009, Better Place Denmark announced an investment of €100 million (\$130 million) and an infrastructure development agreement with the Danish power company.

**What happens in offices, apartments and condominiums?**

BPH plans to work with commercial landlords, apartment owners, and condominium associations in installing charge spots in their parking garages.

**Oil prices have fallen more than 60 percent since earlier this year, does this negatively impact Better Place's business model?**

The International Energy Agency published a report stating that strong growth in emerging markets and persistent increases in gasoline consumption will continue to place upward pressure on oil prices. Better Place believes that it is everyone's benefit to reduce our dependence on oil.

**Can the batteries be recycled?**

Once the batteries have reached the end of initial life, they will be transferred to markets that can use lower capacity batteries such as utilities and industrial applications. When they reach the end of their useful life, the batteries can be fully recycled. The lithium-ion batteries being considered do not contain heavy metals.

For more information: Brian Goldstein (808-291-3450) or Pete Cooper (650-387-5953)

###