

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

**LATE**

TESTIMONY OF SANDRA LEE KUNIMOTO  
CHAIRPERSON, BOARD OF AGRICULTURE

BEFORE THE HOUSE COMMITTEE ON FINANCE  
Monday, April 6, 2009  
3:00 P.M.  
Conference Room 308

SENATE BILL NO. 50, SD1, HD1  
RELATING TO RENEWABLE ENERGY PRODUCERS

Chairperson Oshiro and Members of the Committee:

Thank you for the opportunity to present testimony on Senate Bill No. 50, SD1, HD1, which seeks to amend Section 171-95 in order to create greater transparency and community participation in decisions about the leasing of state lands to renewable energy producers. The Hawaii Department of Agriculture supports this measure and offers comments.

World events have made it obvious that Hawaii is extremely vulnerable to disruptions in its food and energy supplies. Fortunately, the Governor and the Legislature are united in their belief that we must find a way to provide more locally produced food and fuel to Hawaii's people. Senate Bill No. 50, SD1, HD1, is an attempt to balance the use of Hawaii's precious lands and to reduce community fears of displacement and disruption.

This bill provides for an open process that allows for the fair evaluation of multiple energy producers interested in the same public lands for energy projects. We agree that companies should provide adequate information to indicate the viability of the project and be held to a timeline so that valuable land does not sit idle for an unreasonably long time while precluding others from utilizing that land.

We also believe that encouraging renewable energy producers to seek private lands as well as public lands is desirable and completely agree that current lessees should not be terminated if they are in full compliance with their lease.

While this issue has caused much anxiety and turmoil for both ranchers and energy producers, we believe that a unique opportunity is before us to uncover where true synergy might lie between the two. HDOA is already assisting the cattle industry to meet with agencies to explain their vision, status and strategic plan that speaks to expansion of our food supply.

**LATE**

To: Chairperson Marcus Oshiro  
Vice-Chairperson Marilyn Lee  
House Committee on Finance

From: Daniel KenKnight  
Director, Hu Honua Bioenergy, LLC

Date: Monday, April 06, 2009

Time: 3:00 P.M.

Place: Conference Room 308  
State Capitol  
415 South Beretania Street

**Re: Testimony in support of Senate Bill 50, SD1**

Dear Chairperson Oshiro, Vice-Chairperson Lee, and members of the House Committee on Finance;

My name is Daniel KenKnight, Director, Hu Honua Bioenergy, LLC. Thank you for the opportunity to offer testimony in support of S.B. 50, Senate Draft 1 which modifies the renewable energy producer provisions of section 171-95 of the Hawaii Revised Statutes. This bill affects all who are engaged in agriculture, ranching and renewable energy and fuel now and for generations to come.

Hu Honua Bioenergy, LLC ("Hu Honua") is a renewable energy producer committed to production of "green" energy from renewable resources produced in Hawaii. Hu Honua has made a considerable investment to acquire the commercial electrical power generation facility at Pepeekeo, Hawaii. The facility was formerly operated as a biomass fueled power plant using sugarcane bagasse from the sugar mill and then later by C. Brewer as a coal fueled power plant. Hu Honua is presently refurbishing plant equipment and expects the plant to be operational by the fourth quarter of 2010. Hu Honua has eschewed the use of coal as a feedstock, in favor of returning the plant to operation as a biomass fueled facility.

In order to secure biomass that is renewable, Hu Honua is in the process of developing a sustainable biomass farming plan with the University of Hawaii and HARC and is pursuing land leases for the cultivation of appropriate biomass crops as feedstock for the electrical power generation facility. Throughout this process of identifying suitable land for a sustainable biomass crop we have been careful to make sure that we would have a viable farming plan prior to approaching the State for long term land leases. Hu Honua held its sustainable biomass farming conference in Hilo in mid November 2008 and is completing the

final plan now with assistance from the academic and commercial farming community.

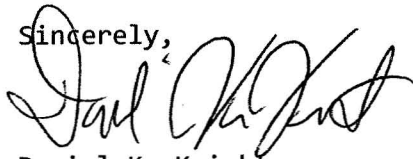
We were surprised to find recently that tens of thousands of acres of State land suitable for a biomass crop on the Island of Hawaii is being leased to two entities without a public process to identify other bioenergy companies that may be interested in pursuing that land.

Subsequently, we informed the BLNR Chair of our interest in pursuing State lands on the Island of Hawaii and are prepared to engage in negotiations for long term land leases. Having said this, Hu Honua will in no case participate in any process that would include the arbitrary removal of current State land lease holders. It has been our goal to work with ranchers, dairies and farmers to find solutions that are a win for all concerned.

In conclusion, Hu Honua supports the committee's efforts to amend the current law to create a level playing field for all bioenergy companies while preserving ultimately the idea of direct lease needed to expedite the process for time sensitive projects. We believe that this can be achieved by forgoing the current "first come, first served" approach in favor of a vetting process that includes public notice and the evaluation of each potential applicant's financial, technical and logistical capabilities and the projects overall chance for success. Weighed along with this should be the company's plan to work synergistically with existing farming, ranching dairy and other agriculture endeavors with respect to land and water use.

Thank you again for the opportunity to testify.

Sincerely,

A handwritten signature in black ink, appearing to read "Daniel KenKnight", written over the word "Sincerely,".

Daniel KenKnight  
Director, Hu Honua Bioenergy, LLC

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Governor



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