

SB 2544



COOL GREEN CLEAN™
Honolulu

Honolulu Seawater Air Conditioning, LLC
7 Waterfront Plaza, Suite 407, Box 124
500 Ala Moana Boulevard
Honolulu, Hawaii 96813

Tel 808.531.7922
Fax 808.531.7923
www.honoluluswac.com

Affiliate of Renewable Energy Innovations, LLC

Testimony on

SB 2544

**RELATING TO THE ISSUANCE OF
SPECIAL PURPOSE REVENUE BONDS TO ASSIST HONOLULU SEAWATER
AIR CONDITIONING, LLC PROJECTS ON THE ISLAND OF OAHU**

Before the
State of Hawaii Senate
COMMITTEE ON ENERGY AND ENVIRONMENT
Thursday, February 4, 2010, 3:00 p.m., Conference Room 225

By
Frederic Berg, Project Director
Honolulu Seawater Air Conditioning, LLC

Good morning Chair Gabbard, Vice Chair English, and members of the Committee. My name is Frederic Berg and I am testifying in favor of this bill on behalf of Honolulu Seawater Air Conditioning, LLC.

Honolulu Seawater Air Conditioning, LLC (HSWAC) **strongly supports** S.B. 2544, which extends the authorization to issue special purpose revenue bonds (SPRBs) for Honolulu Seawater Air Conditioning, LLC for the design and construction of a seawater air conditioning district cooling system on Oahu.

HSWAC is an affiliate of Ever-Green Energy, LLC (EGE), of St. Paul, Minnesota. EGE has more than twenty six years experience in operating district cooling and heating systems and is uniquely qualified to develop and operate a seawater air conditioning (SWAC) district cooling system in Downtown Honolulu. HSWAC was organized for this purpose.

This complex project will serve more than 14 million square feet of Downtown Honolulu office, residential and retail space. The project is capital intensive and requires many Federal, State and County permits, including both Federal and State environmental impact statements.

Over the last several sessions the Hawaii State Legislature authorized \$145M in SPRBs. In 2005, the legislature authorized \$48M of those SPRBs which expire this year. This bill extends the 2005 SPRB authorization, from 2010 to 2015. Unprecedented disruptions in the financial markets have caused HSWAC to postpone the sale of SPRBs. Current markets are dramatically improved and there is significant interest in financing this renewable energy project. In addition to State of Hawaii SPRBs, the balance of HSWAC funding consists of \$10.75M in local and offshore first round equity investment completed in January of 2008, future taxable bonds and a second round of equity investment. With an anticipated construction start in the fourth quarter of this year, HSWAC expects to use all of its authorized SPRBs within the next three years. The requested SPRBs are an important element of financing this very exciting project.

HSWAC began its association with Hawaii and this project in 2003. Since then it has made significant progress. Feasibility studies, community outreach, customer surveys, environmental impact assessment, permitting, system design and engineering are either complete or nearly complete. HSWAC has demonstrated it is committed to completing and operating this renewable energy project by remaining firm during uncertain times and appreciates the continued support of the Hawaii State Legislature.

Thank you for this opportunity to testify.

HAWAII RENEWABLE ENERGY ALLIANCE

46-040 Konane Place #3816, Kaneohe, HI 96744 – Telephone/FAX: 247-7753 – Email: wsb@lava.net

Officers

President
Warren S. Bollmeier II

Vice-President
John Crouch

Directors

Warren S. Bollmeier II
WSB-Hawaii

Cully Judd
Inter Island Solar Supply

John Crouch
Solar Power Systems
International

Herbert M. (Monty) Richards
Kahua Ranch Ltd.

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

SB 2544, RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE
BONDS TO ASSIST HONOLULU SEAWATER AIR CONDITIONING LLC
PROJECTS ON THE ISLAND OF OAHU

February 4, 2010

Chair Gabbard, Vice-Chair English and members of the Committee I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance (HREA). HREA is an industry-based, nonprofit corporation in Hawaii established in 1995. Our 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 our 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 HB 2544 is to extend the authorization to issue special purpose revenue bonds for Honolulu Seawater Air Conditioning LLC. The legislature has previously authorized a total of \$145 million in SPRBs for this Project. This bill requests an extension to June 28, 2015 on \$48 million in SPRBs that will expire on June 30, 2010. HREA strongly supports this measure for the following reasons:

1. SWAC Benefits. Seawater Air Conditioning ("SWAC") is a renewable energy technology which offsets the need for electricity to cool water via a conventional chiller system. As an off-set technology, all SWAC projects would contribute towards the utility's RPS.
2. HSWAC Project Benefits. It has been estimated that the proposed Honolulu Seawater Air Conditioning ("HSWAC") Downtown project the Downtown project will off-set approximately 14 MWs in power that would otherwise be needed for 28,000 tons of conventional chiller-type air conditioning. This project will help HECO meet its RPS requirement; and also provide valuable jobs during construction and operation of the facility.
3. Need for the Extension of the Bond Authority. Unprecedented disruptions in the financial markets have caused HSWAC to postpone the sale of bonds for the Downtown project. This has caused some of the SPRBs to approach expiration. Current markets are dramatically improved and there is significant interest in the financing of this green project. HREA understands the balance of Downtown Honolulu SWAC Project funding will come from taxable bonds and private-sector equity investment.

Thank you for this opportunity to testify.