

JAN 26 2011

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**A BILL FOR AN ACT**

RELATING TO BIOFUELS.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The purpose of this Act is to expand the  
2 applicability of the renewable energy facility siting process to  
3 include biofuel production facilities and distribution  
4 infrastructure with capacity to produce or distribute one  
5 hundred thousand gallons or more of biofuel annually.

6           SECTION 2. The legislature finds that the renewable energy  
7 facility siting process serves to encourage the expeditious  
8 permitting and development of renewable energy facilities in  
9 Hawaii. The renewable energy facility siting process  
10 accomplishes this by coordinating the relevant state and county  
11 permitting agencies and collecting fees from permit applicants  
12 to reimburse state and county agency costs to process the  
13 necessary project permits within twelve months following final  
14 acceptance of the required Chapter 343, Hawaii Revised Statutes  
15 ("Environmental Impact Statements"), document. To date, only  
16 one project has utilized the renewable energy facility siting  
17 process; however, at least four other projects statewide have  
18 applied for, or intend to apply for, participation in the

1 renewable energy facility siting process. Many other developers  
2 and government agencies have expressed interest in the renewable  
3 energy facility siting process.

4 To help meet our State's clean energy goals, the State's  
5 utilities will need adequate infrastructure in place to  
6 transport, distribute, and store large amounts of biofuels in  
7 Hawaii including inter-island transport. Facilitating the  
8 permitting of such infrastructure will enable the State's  
9 utilities to immediately increase their biofuel demand, which in  
10 turn should encourage more supply from local biofuel producers.

11 Currently, only biofuel producers with capacity to produce  
12 one million gallons or more of biofuel annually are eligible for  
13 the renewable energy facility siting process. Due to emerging  
14 biofuel technologies, most biofuel projects currently under  
15 development or planning in Hawaii are small scale, pilot  
16 projects, some with capacity to produce only one hundred  
17 thousand gallons or more annually. The success of these pilot  
18 facilities is critical to Hawaii's clean energy independence as  
19 they are a precursor to the demonstration and commercial scale  
20 phases of development.

21 The inclusion of biofuel production facilities and biofuel  
22 distribution infrastructure with capacity to produce or  
23 distribute one hundred thousand gallons or more of biofuel

1 annually will further the State's interest in reducing Hawaii's  
2 over-dependence on imported fossil fuels and meet Hawaii's  
3 energy self-sufficiency goals and mandates, and will encourage  
4 the timely development of renewable energy projects that utilize  
5 Hawaii's indigenous renewable energy resources for the health,  
6 safety, and welfare of the residents of Hawaii.

7 SECTION 3. Section 201N-1, Hawaii Revised Statutes, is  
8 amended by amending the definition of "renewable energy  
9 facility" or "facility" to read as follows:

10 ""Renewable energy facility" or "facility" means a new  
11 facility located in the State with the capacity to produce from  
12 renewable energy at least two hundred megawatts of electricity;  
13 provided that an electricity production facility with a  
14 capability between five megawatts and one hundred ninety-nine  
15 megawatts of electricity and a biofuel production facility or  
16 distribution infrastructure with a capacity to produce or  
17 distribute one [~~million~~] hundred thousand gallons or more  
18 annually may apply to the coordinator for designation as a  
19 renewable energy facility. The term includes any of the  
20 following associated with the initial permitting and  
21 construction of the facility:

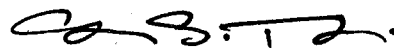
22 (1) The land parcel on which the facility is situated;

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- 1 (2) Any renewable energy production structure or
- 2 equipment;
- 3 (3) Any energy transmission line from the facility to a
- 4 public utility's electricity transmission or
- 5 distribution system;
- 6 (4) Any on-site infrastructure; and
- 7 (5) Any on-site building, structure, other improvement, or
- 8 equipment necessary for the production of electricity
- 9 or biofuel from the renewable energy site,
- 10 transmission of the electricity or biofuel, or any
- 11 accommodation for employees of the facility."

12 SECTION 4. Statutory material to be repealed is bracketed  
13 and stricken. New statutory material is underscored.

14 SECTION 5. This Act shall take effect upon its approval.

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16 INTRODUCED BY: 

17 BY REQUEST

**Report Title:**

Renewable Energy Facility Siting Process; Biofuel Production Facilities and Distribution Infrastructure with Capacity to Produce or Distribute One Hundred Thousand Gallons of Biofuel Annually

**Description:**

Modifies the renewable energy facility siting process to include biofuel production facilities and distribution infrastructure with capacity to produce or distribute one hundred thousand gallons or more of biofuel annually.

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development, and Tourism

TITLE: A BILL FOR AN ACT RELATING TO BIOFUELS.

PURPOSE: To encourage timely development of biofuel distribution infrastructure and pilot-scale biofuel facilities; decrease Hawaii's reliance on imported fossil fuels; and encourage local production of biofuel, feedstock crops, and agribusinesses.

MEANS: Amend section 201N-1, Hawaii Revised Statutes.

JUSTIFICATION: This measure seeks to provide expedited permitting for pilot-scale biofuel production facilities and large-scale biofuel distribution infrastructure by lowering the eligibility threshold for biofuel producers and adding biofuel distribution infrastructure under Chapter 201N's renewable energy facility siting process. This amendment fits within the mandate to encourage the timely development of renewable energy projects.

Currently, only biofuel *producers* with capacity to *produce* more than *one million* or more gallons of biofuel annually are eligible for renewable energy facility siting process provided for in Chapter 201N.

Due to emerging biofuel technologies, most biofuel projects currently under development or planning in Hawaii are small scale; some with capacity to produce only limited gallons annually. The success of these pilot facilities is critical to Hawaii's clean energy independence as they are a precursor to the demonstration and commercial scale phases of development.

Expediting the permitting of biofuel distribution infrastructure will enable the State's utilities to transport, distribute, and store the anticipated influx of biofuels in Hawaii. The ability to meet increased

demand volumes should increase local biofuel production as producers will more efficiently be able to supply the utilities.

Impact on the public: This measure will serve to stabilize energy costs for Hawaii ratepayers by increasing the production and use of locally produced biofuels to create energy; facilitate the success of the Hawaii Clean Energy Initiative; and bolster Hawaii's agricultural sector.

Impact on the department and other agencies: All state and county permitting agencies are impacted by Chapter 201N. The Public Utilities Commission may be tasked with approving the infrastructure costs.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM DESIGNATION: BUF-901.

OTHER AFFECTED AGENCIES: Department of Business, Economic Development, and Tourism; Public Utilities Commission; State and County Permitting Agencies

EFFECTIVE DATE: Upon approval.