



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

NEIL ABERCROMBIE
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Statement of
RICHARD LIM
Interim Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Tuesday, February 9, 2011
9:00 AM
State Capitol, Conference Room 325
in consideration of
HB 1017
RELATING TO BIOFUELS.

Chair Morita, Vice Chair Coffman, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) strongly supports the amendments to the renewable energy facility siting process proposed in HB1017, an Administration measure.

We believe that expanding the Renewable Energy Facility Siting Process (REFSP) to include biofuel distribution facilities and biofuel production facilities of 100,000 gallons or more will facilitate the development of these facilities and is consistent with the state's energy objectives.

To support a robust biofuels industry in Hawaii, adequate infrastructure will be necessary to transport, distribute, and store significant quantities of biofuels. Pilot scale facilities will also be necessary. We are aware of several 100,000 gallon per year biofuel facilities currently in the planning, permitting, or near-construction stage.

We encourage your support of this bill, and request that the Committee approve this measure.

Thank you for the opportunity to offer these comments.

HB 1017

RELATING TO BIOFUELS

**JOEL K. MATSUNAGA
CHIEF OPERATING OFFICER & EXECUTIVE VP
HAWAII BIOENERGY, LLC**

FEBRUARY 8, 2011

Chair Morita, Vice Chair Coffman and Members of the House Committee on Energy & Environmental Protection:

I am Joel Matsunaga, testifying on behalf of Hawaii BioEnergy on HB 1017, "Relating to Biofuels."

SUMMARY

Hawaii BioEnergy ("HBE") supports HB 1017 which modifies Section 201N-1, Hawaii Revised Statutes, pertaining to the renewable energy facility siting process to include biofuel production facilities and distribution infrastructure with the capacity to produce or distribute one hundred thousand gallons or more of biofuel annually. The proposed reduction of the annual production threshold for qualifying biofuel facilities from one million gallons to one hundred thousand gallons would enable smaller pilot and demonstration facilities to qualify, thereby fostering an environment more conducive to innovation, streamlining processes associated with development, and helping to reduce overall costs and timelines.

HAWAII BENEFITS FROM LOCAL BIOFUELS PRODUCTION

Hawaii BioEnergy is a local company dedicated to strengthening the state's energy future through sustainable biofuel production from locally grown feedstocks. Among its partners are three of the larger land owners in Hawaii. HBE and its partners would like to use significant portions of their land to address Hawaii's existing and growing energy needs.

One of the biofuel alternatives that HBE is pursuing is the production of jet fuel and other oil derivatives from micro-algae, and is already engaged in Phase II of a Hawaii-based, DARPA-

funded algae project. Along with providing a local, renewable, and lower-carbon fuel source, expanded algae-based biofuel production will benefit the agriculture industry by providing a local source of protein for animal feed, fertilizers and other products. In addition to HBE's on-going algae-based biofuel projects, the company is moving forward with plans to develop locally produced high density fuels from sweet sorghum, eucalyptus and/or other dedicated energy crops. The feedstocks and conversion production pathways under consideration hold tremendous potential to displace fossil fuel imports given their relatively low input requirements, exceptionally high yields, and capacity to produce a portfolio of products including liquid fuels for transport and power generation while contributing feed, and other bio-based co-products to the local market.

While Hawaii holds tremendous potential to produce a range of advanced biofuels with a range of locally produced feedstocks and innovative next generation technologies, the industry is still in its infancy and faces a myriad of development challenges including permitting. The multiple permit requirements and lag times in approvals add additional costs to project development and ultimately slow the scaling process. Lowering the annual production threshold from one million to one hundred thousand gallons and thereby enabling smaller-scale pilot and demonstration-scale facilities to be eligible for the renewable energy facility siting process would help to streamline project development and potentially accelerate commercial-scale production in the state through the development of connective, distribution and ancillary infrastructure.

CONCLUDING REMARKS

HBE is moving forward with projects that will help provide renewable and sustainable sources of energy for Hawaii and believes that HB 1017 will help to accelerate the development of Hawaii's bio-based renewable energy economy.

Based on the aforementioned, Hawaii BioEnergy respectfully requests your support for HB 1017. Thank you for the opportunity to testify.