



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

NEIL ABERCROMBIE
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Statement of
RICHARD C. LIM
Director

Department of Business, Economic Development and Tourism
before the

**HOUSE COMMITTEE ON
FINANCE**

Friday, April 1, 2011
2:00 PM

State Capitol, Conference Room 308
in consideration of

**SB 1244, SD2
RELATING TO BIOFUELS.**

Chair Oshiro, Vice Chair Lee, 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 (REFSP) proposed in SB 1244, SD2, an Administration measure.

We believe that expanding the REFSP to include biofuel production and distribution facilities with capacities of 100,000 gallons or more annually will facilitate the development of local projects 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 stages.

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

Thank you for the opportunity to offer these comments.

SB 1244 SD2

RELATING TO BIOFUELS

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

April 1, 2011

Chair Oshiro and Members of the House Committee on Finance:

I am Joel Matsunaga, testifying on behalf of Hawaii BioEnergy in support of SB 1244 SD2, "Relating to Biofuels."

SUMMARY

Hawaii BioEnergy ("HBE") supports SB 1244 SD2 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 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 streamlining associated project development and potentially 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 from a variety 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, thereby allowing 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 by facilitating the development of connective, distribution and ancillary infrastructure.

CONCLUDING REMARKS

HBE is moving forward with projects that will help to address Hawaii's energy future and believes that SB 1244 SD2 will help to accelerate and expand Hawaii's bio-based renewable energy economy. Based on the aforementioned, Hawaii BioEnergy respectfully requests your support for SB 1244 SD2.

Thank you for the opportunity to testify.

**TESTIMONY OF DAVID TARNAS
IN SUPPORT OF SB 1244 SD2
HEARING BEFORE THE HOUSE FINANCE COMMITTEE
FRIDAY, APRIL 1, 2011
2PM IN CONFERENCE ROOM 208
STATE CAPITOL**

Aloha Chairman Oshiro, Vice-Chair Lee and members of the Committee.

My name is David Tarnas and I work with SunFuels Hawaii, LLC, a biofuels company that is exploring opportunities for developing a biomass-to-liquid (BTL) project on the island of Hawaii.

The Energy Office at DBEDT provides a useful service to companies seeking to establish renewable energy projects in Hawaii through the Renewable Energy Facility Siting Process. SB 1244 would strengthen this program and I encourage the Committee's support for this measure.

SB 1244 is an administration bill that seeks to expand the Renewable Energy Facility Siting Process to include production facilities that produce one hundred thousand gallons of biofuel or more per year, as well as the infrastructure facilities that distribute one hundred thousand gallons of biofuel or more per year.

As our company develops its business projects in Hawaii, we look forward to working with the Energy Office through this Renewable Energy Facility Siting Process. I ask for the Committee's support for this bill to strengthen this program.

Mahalo.