

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEES ON ENERGY & ENVIRONMENTAL
PROTECTION AND WATER, LAND, & OCEAN RESOURCES
ON
HOUSE BILL NO. 2691

February 2, 2012

RELATING TO GEOTHERMAL DEVELOPMENT

House Bill No. 2691 requires that: 1) State land designated as a geothermal resource be reserved for geothermal development; 2) leases of State land designated as a geothermal resource subzone be processed as both a land lease and a mining lease; 3) an open bidding process for leases of State land designated as a geothermal resource subzone be conducted; and 4) creates a geothermal development special fund to administer the program.

While the Department of Budget and Finance does not take any position on the policy of geothermal development, as a matter of general policy, the department does not support the creation of special funds which do not meet the requirements of Section 37-52.3, Hawaii Revised Statutes. Special or revolving funds should: 1) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries of the program; 2) provide an appropriate means of financing for the program or activity; and 3) demonstrate the capacity to be financially self-sustaining. In regards to House Bill No. 2691, it is difficult to determine whether the fund will be self-sustaining.



Date: Thursday, February 2, 2012
Time: 9:00 am
Place: Conference Room 325
Committees: Senate – EEP & WLO

Re: HB 2691 – Relating to Geothermal Development – Testimony in Strong Support

Aloha Legislators,

The Innovations Development Group (IDG) is a Hawaii based renewable energy Development Corporation owned by Native Hawaiians. It was created to facilitate the development of renewable energy resources of native people, and in summer 2011 presented its development model to legislators of the Energy & Land Committees.

The IDG strongly supports this measure.

This Bill requires state land that is designated a geothermal resource subzone to be reserved for geothermal development. It provides that leases of state land designated as geothermal subzones be processed as both a land lease and a mining lease through an open bidding process, and it provides for the establishment of the geothermal development special fund.

These changes and additions to our statutes are necessary to ensure that the State can proceed expeditiously with the identification and development of our State geothermal public trust assets by streamlining the process for leasing of state land parcels that will be used for the mining of sub-surface geothermal “minerals”.

The State has thousands of acres in the public trust, but preliminary data indicates there are only a few areas where geothermal resources can be successfully developed. This measure creates a priority for lands with geothermal resources, to ensure that these precious areas are reserved for geothermal development and not utilized for other purposes. Prioritizing energy development in these areas is critical if the State is to address the current energy crisis, which threatens not only our economic security, but our food security as well.

History demonstrates that geothermal energy has been developed for 18 years in Hawaii, and that the State, County and Office of Hawaiian Affairs have received

millions of dollars in revenues during this period of time from geothermal mineral revenues. The record also indicates that none of these monies were reinvested in development of the industry, or made available to the State for geothermal development or for an inventory of State geothermal resources. Consequently, the State does not have any fiscal resources at this time to contribute to its own geothermal development program.

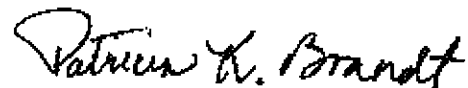
This measure addresses the problem by providing for the creation of a State geothermal special development fund into which will be deposited the mineral revenues from development of these public trust assets. This was one of the most significant recommendations of the Hawaii Island Geothermal Working Group, a special body created by the Legislature 2 years ago that was tasked to study the issues surrounding geothermal development. It's time to implement the recommendation.

This measure does not require that the State find new funds for geothermal resource development, rather it directs that existing geothermal royalty funds be held & utilized for purposes relating to the assessment & development of the resource and industry.

The State has much to gain by re-investing its geo-royalties into future geothermal exploration & development. The passage of ACT 55 in 2011 opened the way for the State to work with the private sector in pursuing development of these extremely valuable resources in a manner that provides critically needed revenues for the State General Fund.

We support this measure without reservation and encourage the Legislature to pass this bill so that we can strengthen our own ability & capacity to develop the renewable energy resources of the public trust.

Kind Regards,

A handwritten signature in black ink that reads "Patricia K. Brandt". The signature is written in a cursive, flowing style.

Patricia K. Brandt
CEO, IDG



Date: Thursday Feb 2
Time: 9:00 am
Place: Conference Room 325
Committees: Senate – EEP & WLO

Testimony in Strong Support of HB 2691- Relating to Geothermal Development

Aloha Legislators,

Indigenous Consultants (IC) is a Hawaii based, indigenous LLC owned and operated by Native Hawaiians. It was created to assist indigenous peoples in developing their renewable energy resources in ways that are: Culturally appropriate, environmentally green and sustainable, socially responsible and economically equitable and affordable. For several years the IC has worked with Innovations Development Group in New Zealand and indigenous Maori developing geothermal resources, which are trust assets of Maori Land Trusts. In addition, the IC has acted as a consultant to other indigenous people in Hawaii and Asia who are addressing development of their trust renewable energy resources in ways that; directly benefit their people, bring in revenues, create small business opportunities and ensure fair & affordable rates to consumers, including themselves and their communities.

Indigenous Consultants strongly supports this Bill and urges its prompt passage.

This Bill requires state land that is designated a geothermal resource subzone to be reserved for geothermal development. It provides that leases of state land designated as geothermal subzones be processed as both a land lease and a mining lease through an open bidding process, and it provides for the establishment of the geothermal development special fund.

These changes and additions to our statutes are necessary to ensure that the State can proceed expeditiously with the identification and development of our State geothermal public trust assets by streamlining the process for leasing of state land parcels that will be used for the mining of sub-surface geothermal “minerals”.

The State has thousands of acres in the public trust, but preliminary data indicates there are only a few areas where geothermal resources can be successfully developed. This measure creates a priority for lands with geothermal resources, to ensure that these precious areas are reserved for geothermal development and not utilized for other purposes. Prioritizing energy development in these areas is critical if the State is to address the current energy crisis, which

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threatens not only our economic security, but our food security as well.

History demonstrates that geothermal energy has been developed for 18 years in Hawaii, and that the State, County and Office of Hawaiian Affairs have received millions of dollars in revenues during this period of time from geothermal mineral revenues. The record also indicates that none of these monies were reinvested in development of the industry, or made available to the State for geothermal development or for an inventory of State geothermal resources. Consequently, the State does not have any fiscal resources at this time to contribute to its own geothermal development program.

This measure addresses the problem by providing for the creation of a State geothermal special development fund into which will be deposited the mineral revenues from development of these public trust assets. This was one of the most significant recommendations of the Hawaii Island Geothermal Working Group, a special body created by the Legislature 2 years ago that was tasked to study the issues surrounding geothermal development. It's time to implement the recommendation.

This measure does not require that the State find new funds for geothermal resource development, rather it directs that existing geothermal royalty funds be held & utilized for purposes relating to the assessment & development of the resource and industry.

The State has much to gain by re-investing its geo-royalties into future geothermal exploration & development. The passage of ACT 55 in 2011 opened the way for the State to work with the private sector in pursuing development of these extremely valuable resources in a manner that provides critically needed revenues for the State General Fund.

We support this measure without reservation and encourage the Legislature to pass this bill so that we can strengthen our own ability & capacity to develop the renewable energy resources of the public trust.

Regards,

A handwritten signature in black ink, appearing to read "M. B. Trask", with a horizontal line extending to the right.

Mililani B. Trask
Principal,
Indigenous Consultants

kawakami1 - Marissa

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, February 01, 2012 5:16 AM
To: EEPtestimony
Cc: whipmkealoha@aol.com
Subject: Testimony for HB2691 on 2/2/2012 9:00:00 AM
Attachments: HECO - RFI Letter.wps

Testimony for EEP/WLO 2/2/2012 9:00:00 AM HB2691

Conference room: 325
Testifier position: Support
Testifier will be present: No
Submitted by: Kuulei Kealoha Cooper-Springer
Organization: Individual
E-mail: whipmkealoha@aol.com
Submitted on: 2/1/2012

Comments:

We support this bill as our state lands hold the potential to provide geothermal energy in order to meet goals set to lessen oil dependency. Further, the use of state lands would provide income that we have not enjoyed as taxpaying citizens due to the egregious monopoly HECO/HELCO has utilizing one developer on private lands. Time for change, and thank you for bringing this bill forward. I have attached my letter to HECO/HELCO during their RFI period which explains some of the history with regard to geothermal energy as it relates to the Kealoha property located in the subzone.

Thank you for your consideration.