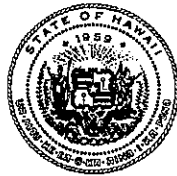


TESTIMONY

SB2292

HTH Committee Hearing 2/08/2012



STATE OF HAWAII
DEPARTMENT OF HEALTH
P.O. Box 3378
HONOLULU, HAWAII 96801-3378

In reply, please refer to:
File:

COMMITTEE ON HEALTH
COMMITTEE ON ENERGY AND ENVIRONMENT
S.B. 2292, RELATING TO AIR POLLUTION

Testimony of Loretta J. Fuddy, A.C.S.W., M.P.H.
Director of Health

February 8, 2012
3:10 p.m.

1 **Department's Position:** The Department of Health (Department) supports the intent of this bill.

2 **Fiscal Implications:** There will likely be economic and operational impacts on 2 Hawaii facilities that
3 currently burn coal.

4 **Purpose and Justification:** This bill seeks to reduce greenhouse gas emissions by prohibiting the
5 Department from issuing required air permits for any new coal-burning facility or the expansion,
6 relocation or modification that would result in an increase of coal consumption of an existing facility.
7 The bill also prohibits the public utilities commission (PUC) from approving a new, modified, or
8 renewed power purchase agreement.

9 The Department supports reducing greenhouse gas emissions in Hawaii. The Department has
10 begun to implement the federal greenhouse gas permitting rules that were codified in 2010. The
11 Department is also in the process of proposing rules to reduce greenhouse gas emissions in Hawaii
12 pursuant to §342B-71, Hawaii Revised Statutes. S.B. 2292 would complement these efforts and further
13 demonstrate the State's resolve to make a difference in climate change. However, we caution that
14 simply banning the burning of coal could preclude the adoption of new technologies that may reduce
15 coal's carbon emissions, inadvertently promote other fuels that release as much or more carbon as coal,
16 and limit future strategies to secure Hawaii's energy independence.

1 The Department also believes that the language governing the PUC may need to be amended to
2 allow for modifications or renewals, as long as they do not result in increased coal consumption.

3 Thank you for the opportunity to testify on this bill.
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Testimony for HTH/ENE 2/8/2012 3:10:00 PM SB2292

Conference room: 229

Testifier position: Support

Testifier will be present: No

Submitted by: George Peabody

Organization: <http://www.MolokaiAdvertiserNews.com>

E-mail: MolokaiMAN@basicisp.net

Submitted on: 2/6/2012

Comments:

Good idea, but for the wrong reason! Increasing power generation by whatever means is about POPULATION CONTROL LIMITS THAT NEED TO BE CREATED NOW. MORE PEOPLE NEED MORE POWER FOR ELECTRICITY. STOP THE GROWTH OF POPULATION NUMBERS !

SENATE COMMITTEE ON HEALTH

and

**SENATE COMMITTEE ON
ENERGY AND ENVIRONMENT**

February 8, 2012

Senate Bill 2292 Relating to Air Pollution

Chair Green, Chair Gabbard, members of the Senate Committee on Health, and members of the Senate Committee on Energy and Environment, I am Jeff Walsh, President of AES Hawaii, Inc., testifying on behalf of AES Hawaii, Inc., an independent power producer on Oahu producing electricity for Hawaii Electric using coal among other fuels to generate about 20% of island load at any time. AES Hawaii has provided safe, reliable and affordable power for the past 20 years. The plant utilizes state of the art clean coal technology to effectively comply with all current federal and state environmental standards. AES Hawaii is OPPOSED to Senate Bill 2292 Relating to Air Pollution.

This proposed bill would prohibit or impede the expansion of the only coal burning plant on the island or the extension of its long-term power purchase agreement with Hawaii Electric Company.

The AES Hawaii facility serves a critical service now and shall continue in the future to the citizens of Oahu. The plant provides by far the lowest cost energy on the island of Oahu under long term contract with Hawaiian Electric Company. The energy pricing from this plant has provided stable and predictable energy pricing as compared to the highly variable costs of generating electricity with fuel oil and renewable energy. As illustrated by data from the Hawaiian Electric Monthly Energy Cost Adjustment Factor filing with the PUC (the "ECAF Report"), AES Hawaii provides electricity significantly lower in cost than that of electricity generated from conventional oil or other purchased sources. Based on December 2011 data from the ECAF Report, the monthly electricity bill to consumers would have been \$20.00 higher per month or almost 10 percent higher without power supplied from AES Hawaii, based on an average monthly consumption of 600kwh.

AES Hawaii also provides firm capacity to the electric grid and provides dispatchable power which is used to control frequency and voltage on the island grid. This plays a critical role in maintaining grid stability. The plant is able to do this with a lifetime availability of 97.3% - an extremely high level of reliability compared to other plants. By providing reliable, readily dispatchable power to control frequency and voltage on the island grid, the plant provides a critical service that is required to allow for further penetration of as-available renewable energy. Without this service, additional renewable energy could create instability in the grid system.

The proposed bill would preclude AES from modifying or renewing its power purchase agreement after 2014. This would limit the availability of affordable, safe, and reliable energy

available to Hawaiian Electric and create significantly higher electricity costs to consumers in Oahu.

Thank you for the opportunity to present this testimony.

**PRESENTATION OF THE
BOARD OF PHARMACY**

TO THE SENATE COMMITTEE ON HEALTH

TWENTY-SIXTH LEGISLATURE
Regular Session of 2012

Friday, February 10, 2012
2:45 p.m.

TESTIMONY ON SENATE BILL NO. 2229, RELATING TO VACCINATIONS.

TO THE HONORABLE JOSH GREEN, M.D., CHAIR,
AND MEMBERS OF THE COMMITTEE:

My name is Lee Ann Teshima, Executive Officer for the Board of Pharmacy ("Board"). I appreciate the opportunity to testify on Senate Bill No. 2229, Relating to Vaccinations, that would allow a pharmacist to administer the influenza vaccine to persons between the ages of fourteen and seventeen pursuant to a valid prescription and comply with other reporting and training requirements.

I would like to preface my comments by informing the Committee that the Board has not yet reviewed this bill, which is scheduled for discussion at the Board's next meeting on February 16, 2012. It is at this meeting that all proposed legislation regarding amendments to Chapter 461, Hawaii Revised Statutes, are slated to be addressed in a public forum to which all interested parties may attend.

The Board, when it meets, will need to consider if the language in the bill, as recommended by the immunization task force pursuant to Act 125, SLH 2010, promotes patient safety.

Thank you for the opportunity to testify on Senate Bill No. 2229.

**SB 2292
RELATING TO AIR POLLUTION**

**PAUL T. OSHIRO
MANAGER – GOVERNMENT RELATIONS
ALEXANDER & BALDWIN, INC.**

FEBRUARY 8, 2012

Chair Green, Chair Gabbard, and Members of the Senate Committees on Health and Energy & Environment:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) and its agricultural company Hawaiian Commercial & Sugar Company on SB 2292, "A BILL FOR AN ACT RELATING TO AIR POLLUTION." We respectfully oppose this bill.

Hawaiian Commercial & Sugar Company (HC&S) has been in operation for over 125 years and is Hawaii's last remaining sugar plantation. HC&S has approximately 34,000 acres in active cultivation and employs about 800 Maui residents. While Hawaii's many other sugar companies have shut down over the years, HC&S has been fortunate, through significant investments in our agricultural infrastructure and operations and the implementation of our diversified bio-production program, to have sustained our operations and continue as a major employer in the State of Hawaii. Despite a current up tick in sugar prices, history has proven that commodity sugar prices will remain relatively flat, as they have over the last few decades, despite increasing production costs. Thus, HC&S has for a number of years been pursuing, and investing in, a transition from a primary producer of commodity sugar to the production of specialty sugar and bio-based products. In addition to being the main

supplier of Sugar In The Raw, the little brown packets of sugar seen at restaurants and coffee shops across the nation, HC&S is also expanding production and sales of our specialty Maui Brand Sugar.

HC&S also generates biomass produced electricity for its sugar milling, irrigation pumping, and other internal operations and provides electricity to Maui Electric Company (MECO) for general community use. The source of fuel for this biomass electricity is bagasse, the residual fiber of the sugar cane plant. Not only does HC&S provide approximately 6% of MECO's total electricity, HC&S is a firm power source to MECO (i.e. committed power delivery, not on an 'as available' basis), and has played a significant role in the restoration of MECO's electrical service during power outages.

In addition, HC&S is currently participating in significant new Hawaii-based research initiatives on biofuels, closely working with the University of Hawaii and various Federal agencies on energy crop development, energy conversion technologies, and long term resource requirements for biomass production. HC&S also provides water (through the County) to approximately 35,000 Upcountry Maui residents and to the Kula Agricultural Park.

This bill prohibits the Public Utilities Commission from approving any new, modified, or renewed power purchase agreements that burn coal after December 31, 2014. This bill also prohibits the Department of Health from issuing permits for the construction of new facilities and the expansion of existing facilities that utilize coal to generate energy. While HC&S's biomass power generating facilities are fueled primarily by sugar cane bagasse, there is a need for these generating facilities to periodically burn an amount of coal to maintain stable boiler operations (biomass fuel

quality can vary depending on harvesting and mill operations), to remain in compliance with air emission regulations, and to meet firm power commitments to MECO, particularly during the off season maintenance period when the mill is not in operation and bagasse is not available.

In that this bill would prohibit the renewal of power purchase agreements after December 31, 2014 that burn any amount of coal and will also prohibit certain renewable energy facility modifications, we envision that this bill may add significant challenges in HC&S's efforts to continue as a firm power source provider of renewable energy to the Maui community and as a viable employer of over 800 Maui residents.

Based on the aforementioned, we respectfully request that this bill be held in Committee. Thank you for the opportunity to testify.



Sierra Club Hawai'i Chapter

PO Box 2577, Honolulu, HI 96803
808.538.6616 hawaii.chapter@sierraclub.org

SENATE COMMITTEE ON HEALTH SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

February 8, 2012, 3:10 P.M.
(Testimony is 2 pages long)

TESTIMONY IN STRONG SUPPORT OF SB 2292

Aloha Chairs Green, Gabbard, and members of the Committees:

The Sierra Club, Hawai'i Chapter, with 9,000 dues paying members and supporters statewide, **strongly supports** SB 2292. This bill would set a termination date for the one of Hawai'i's dirtiest sources of energy, opening the way for our clean energy future.

Coal has a dirty truth -- it directly leads to asthma attacks, exposes people to toxic mercury, and more.

- **Toxic mercury.** Burning coal releases toxic mercury that rains down onto rivers and streams and contaminates fish. The pollution then makes its way into our bodies when we eat the fish. Mercury is especially dangerous to pregnant women and young children because it's a powerful neurotoxin that can damage the brain and nervous system — causing developmental problems and learning disabilities.
- **Smog and asthma.** In the U.S., 1 out of 10 children suffers from asthma. It is the number-one illness that causes kids to miss school. Each year, coal pollution causes 12,000 emergency room visits and \$100 billion in health costs. Pollution from coal-fired power plants creates smog, which can cause chest pain, coughing, and breathing difficulties. Smog can make conditions like bronchitis, emphysema, and asthma worse or even fatal.
- **Mountaintop removal mining.** Mountaintop removal is exactly what it sounds like: Mining companies clear-cut forests and then blow the tops off mountains to get the coal. They then dump millions of tons of waste into the valleys below — permanently burying streams, poisoning drinking water, and increasing the risk of flooding. In the past ten years, 500 of the biggest mountains in West Virginia have been destroyed.

- **Coal ash.** When coal is burned it leaves behind toxic waste ash. This waste is dumped in thousands of sites nationwide and often stored in open-air pits, where it can spill or seep into the ground and contaminate drinking water. Living near a coal-ash waste site can be worse for kids' health than smoking a pack of cigarettes a day.

Turning specifically to Hawaii, coal is one of the dirtiest forms of energy in our inventory. Coal produces approximately 10% of the carbon emissions in our state, despite being a rather small source of energy (no transportation use, and only found on Oahu and a limited supply on Maui). It produces over a pound of toxic mercury, which directly contaminates our fish supplies and the health of residents who consume them.

Looking nationally, the U.S. Energy Information Administration predicts a sharp decrease in the use of coal because of its high cost and the difficulty in reducing pollution emissions. Projecting our economic future, coal will no longer be an inexpensive source of fuel.

Coal is not a part of Hawai'i's sustainable future. We respectfully request that this bill be passed out of the Committees. Mahalo for the opportunity to testify.

This much
mercury can
contaminate
a 20-acre lake

U.S. coal-fired power plants produce 48 tons of it each year





**SENATE COMMITTEE ON HEALTH
SENATE COMMITTEE ON ENERGY AND ENVIRONMENT**

February 8, 2012, 3:10 P.M.

Room 229

(Testimony is 3 pages long)

TESTIMONY IN SUPPORT OF SB 2292

Chairs Green and Gabbard and members of the Committees:

The Blue Planet Foundation supports SB 2292, a measure establishing restrictions on the permitting of new coal-fired power plants in Hawai'i. We view this measure as an important policy to provide a "backstop" to ensure progress toward Hawaii's clean energy future.

Overarching rationale for a restriction on new coal power plants

Hawai'i is dangerously dependent on imported fossil fuels to power its economy and way of life. This must change. Fossil fuels are simply not part of Hawaii's clean energy future. We must draw the line in the sand and make it clear that we will not invest in any more expensive, import-dependent, greenhouse gas-emitting power plants. Hawai'i state policy should reflect our preferred energy future that is powered by clean, indigenous, renewable sources of electricity. Further, a clear prohibition on new fossil fuel power plants of any sort will make Hawai'i the first state in the nation with such a policy a send a clear market signal that we are serious about our clean energy future.

Need for transition to a clean energy future

The transition to clean energy in Hawai'i means a ratcheting down of fossil fuel imports and scaling back existing oil and coal generating units. This measure would ensure that we don't repeat the mistakes of the past. *Rigorous analysis of what it will take to achieve those standards demonstrates that new fossil fuel generating units are not necessary.*

The state currently has nearly 2000 megawatts of installed fossil fuel-based electricity generation (providing about 90% of the electricity in the state). While Blue Planet would like to

see that number reduced to zero within a decade, the goal of the Hawaii Clean Energy Initiative (HCEI) is to reduce it from 92% dependence to 30% dependence in 20 years (by 2030). That goal is achieved by adding hundreds of megawatts of new renewable energy generation such as wind, solar, wave energy, and others (40% clean energy), while dramatically increasing the end-use efficiency of electricity (30% decrease in electricity usage from forecasted demand in 2030). Those goals—40% clean energy and 30% efficiency—were codified in Act 155 (2009).

The Hawaii Clean Energy Initiative—a partnership between the U.S. Department of Energy and the State of Hawai'i—contracted with global energy experts Booz Allen Hamilton to conduct various scenario analyses on how to achieve a 70% clean energy goal by 2030. The results of those analyses demonstrated that none of the trajectories to achieve Hawaii's clean energy goals required new fossil fuel generating units. Our transition to a clean energy economy will involve critical decisions about which fossil fuel power plants to retire first—not where to build new power plants.

A prohibition on new fossil fuel generation gives teeth to Hawaii's clean energy laws

Achieving the schedule of clean energy standards means reducing existing fossil generating capacity, not adding to it. As the HCEI analyses revealed, *new coal- or oil-based generation would make achievement of the standards substantially more difficult, as any new fossil fuel-based generation installed in the future will have a useful lifetime of 30 to 50 years or more.*

Therefore, the “no new fossil fuel” policy serves as a backstop and works to prevent backsliding on Hawaii's clean energy standards. Without a clear prohibition on new fossil fuel generation in place, Hawai'i risks failing to achieve the new clean energy standards. Enforcing compliance with the renewable portfolio standard requirements through penalties and fines is not a desirable outcome (the penalty is currently one-fifth of a penny per kilowatt-hour). Such enforcement risks that the costs from these penalties or fines simply get passed on to consumers or the possibility that such costs jeopardize the utilities' viability. *The fossil fuel prohibition serves as a backstop to ensure that Hawaii's clean energy transition actually occurs.*

The urgency to enact a “no new fossil fuel” policy

There are three primary reasons why it is imperative to quickly move Hawai'i off of coal and oil.

1. The first is energy security. All of Hawaii's fossil fuel is imported, with 100% of coal originating in foreign countries and nearly 100% of Hawaii's oil from non-U.S. sources. In fact, about one in four barrels of oil comes from the Middle East. These fossil fuels are finite resources and more developing countries are seeking a greater share of these resources. We have no reason to believe that we will have unlimited access to these

resources in the future. Further, by relying on ships bringing oil and coal to Hawai'i, we expose ourselves to disruptions such as the grounding of a large coal ship at Barbers Point on February 5, 2010.

2. Second, oil is expensive and coal is increasingly expensive. In 2011, Hawai'i spent over \$5 billion on imported fossil fuel. This money simply leaves the state without creating any local wealth or jobs. Further, we have no way to predict exactly what the cost will be in a year from now, let alone five or ten years down the road. This is no way to secure the state's economic future.
3. Finally, we know that burning coal and oil releases greenhouse gases that are changing our climate and oceans. Sea level rise could literally change the map of Hawai'i, and ocean acidification from increased carbonic acid in the water could irreparably damage Hawaii's marine environment. Because of the disproportionate negative impacts of climate change in Hawaii, we must set an example and take the lead in progressive energy policy that decisively moves the state off of fossil fuels.

Blue Planet supports restricting the development of new fossil fuel power plants to keep Hawai'i on track to achieving its clean energy standards. This policy, if enacted, will help ensure that all future power in Hawai'i is clean power.

Thank you for the opportunity to testify.

Anthony Aalto
3946 Lurline Drive • Honolulu, Hawai'i 96816
808.234.9779

To : Senate Committee on Health
Senate committee on Energy and Environment
Hearing Date : February 8th 2012
Re : Testimony in Strong Support of SB2292 (2 pages)

Aloha Chairs Green and Gabbard and members of the Committees,

My name is Anthony Aalto. I am a resident of Honolulu, a taxpayer and a voter, and I thank you for this opportunity to testify.

I strongly support this bill and I urge you to do the same.

It is entirely appropriate that this bill should be heard by both your committees because the consequences of burning coal have enormous deleterious effects on both health our and the carbon footprint of our energy dependence.

Coal-fired power plant emissions are estimated to shorten nearly 24,000 lives a year in the United States, including causing some 2,800 lung cancers. No discrete number is available for these early deaths in Hawai'i, but it is a reasonable assumption that our citizens are amongst those who suffer these consequences.

In addition to deadly atmospheric pollution, coal burning produces hundreds of millions of tons of solid waste products annually, including fly ash that contains mercury, thorium, uranium, arsenic and other heavy metals. One of the side effects of the mercury emissions is an increase in birth defects.

The burning of coal also is one of the most significant contributors to global warming and the concomitant sea level rise to which Hawai'i is more vulnerable than any other state in the Union. Generating electricity by burning coal produces twice as much CO₂ per kilowatt as natural gas. About 25% of this CO₂ emitted by burning coal is absorbed by the oceans contributing to the ocean acidification that is killing our coral reefs, a vital part of Hawai'i's ecosystem.

This provision to sunset coal burning in Hawai'i would encourage the shift to alternative energy sources which we need to do to meet the targets set by statute and enshrined in Hawai'i's Clean Energy Initiative.

In truth, this bill is such a no-brainer that it would be possible to submit pages of testimony in support. But out of respect for your heavy schedules I limit myself to appealing to you once more to support this bill.

Mahalo for this opportunity to testify.