



The Senate Committees on Energy and Environment
and Ways and Means
Senator Mike Gabbard, Chair
Senator David Y. Ige, Chair
Hawaii State Capitol, Room 211
Friday, April 19, 2013, 1:45 p.m.

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**STATEMENT OF DAVID HEERWALD LEONARD ON HCR 99 HD1
Requesting the Convening of a Legislative Task Force on Energy Security**

Chairs Gabbard and Ige and Members of the Committees:

My name is David Heerwald Leonard. I am providing this testimony in **support** of HCR 99 HD1, as President and CEO of Aluvion Energies LLC, a Hawaii energy consultancy. I have been active in the petroleum and renewable energy sectors in Hawaii since 1980. My former employers include Chevron and Tesoro Hawaii and I am a member of the Fuels Working Group of the Hawaii Clean Energy Initiative. I want to highlight the energy security aspect of the tank farm at the Tesoro Hawaii Refinery that supports the convening of this legislative task force.

The Tesoro Refinery is an essential and integrated part of Hawaii's current energy sector and has great value to our community as a local manufacturing facility. This aspect of the Tesoro Refinery is getting most of the attention. Less discussed is the tank farm at the Refinery. It is Hawaii's largest civilian strategic energy reserve almost equal in size to the U.S. Navy's Red Hill fuel storage facility (218,000,000 gallons of storage at Tesoro Hawaii compared to Red Hill's 250,000,000 gallons). We will lose at least 40% of Tesoro's current storage capacity when the Refinery is shutdown representing an estimated 19 days or more of our total in-state fuel consumption and energy security.

By comparison, the Chevron Hawaii Refinery has approximately 164,000,000 gallons of storage. Other fuel storage facilities in Hawaii are much smaller. For example, Aloha Petroleum's Terminal at Barber's Point is approximately 21,000,000 gallons -- less than 1/10 the size of Tesoro, and not in a position to compensate for the loss of Tesoro's strategic storage.

In summary, we should regard the Tesoro Hawaii Refinery as both an important local manufacturing facility and the civilian version of Red Hill from an energy security standpoint. Hawaii's energy security will be reduced by 19 days or more in approximately 3 weeks from today when the last of the crude oil is processed in Kapolei.

Thank you for the opportunity to share this testimony in **support** of the adoption of the Legislative Task Force on Energy Security as contemplated by HCR 99 HD1.

TESTIMONY OF

JASON SAKAMOTO

USW Local 12-591, Tesoro Group

before the

SENATE COMMITTEE ON ENERGY AND ENVIRONMENT

COMMITTEE ON WAYS AND MEANS

Friday, April 19, 2013; 1:45 p.m.

Hawaii State Capitol, Room 211

concerning HCR99 HD1/HR76

**“REQUESTING THE CONVENING OF A LEGISLATIVE TASK FORCE
ON ENERGY SECURITY”**

**Chairs Gabbard and Ige, Vice Chairs Ruderman and Kidani and Members of the
Committee:**

United Steelworkers (USW) Union Local 12-591 strongly supports HCR 99 HD1/HR 76, the convening of a legislative task force on energy security.

Hawaii needs a task force that is devoted to examining alternatives the state can take with other stakeholders to prevent the closure of Tesoro’s Kapolei refinery.

Governor Neil Abercrombie’s Hawaii Refinery Task Force has a different mission. He says its job is to assess the impact on fuel prices and supply when the refinery closes, and to identify strategies and actions the state should consider to ensure a reliable and competitive energy market as Hawaii makes the transition to a new energy ecosystem.

The USW has been told by the governor’s office that finding buyers and pursuing alternatives to keep the Kapolei refinery operating are not on the Hawaii Refinery Task Force’s agenda.

It is important to have a task force that looks at ways to keep the refinery operating because if it closes, there is a strong possibility our state’s energy markets will be disrupted and energy prices will rise across the board. This will adversely impact multiple industries, such as shipping, aviation, tourism, and agriculture.

Tesoro’s plan to turn the refinery into a terminal to import fuel will make the state dependent on prices set by foreign refiners and vulnerable to world crises, like the North Korea situation, that

could have enormous impacts on supply. Furthermore, fuel supplies to the many Armed Forces installations in our state will be made less secure--not something we should do in the present day crisis-ridden environment.

Also, most of the imported fuel would come from Asia, where refiners are subject to little or no environmental regulations. So instead of helping the environment, importing fuel to Hawaii would increase the state's carbon footprint on the planet.

Another reason to have a legislative task force on energy security is that Hawaii needs to keep the Tesoro refinery operating while alternative sources of energy are pursued and developed.

Unlike the Hawaii Refinery Task Force, the proposed legislative task force on energy security would include the participation of USW Local 12-591, which represents the refinery workers and is the predominant union at the Tesoro refinery. The USW has extensive experience working with elected officials, companies, environmental organizations, international unions and other stakeholders to keep manufacturing of all kinds and the jobs associated with it in the United States.

Last year the USW campaigned vigorously to find buyers and keep two Philadelphia, Pa. refineries from shutting down permanently. The USW worked with local, state and national elected leaders, other stakeholders and prospective buyers to put together incentives and financing to make a deal work. As a result of everyone's effort, the two refineries were purchased and over 1,600 direct jobs were saved. Hundreds of new jobs will be created when one of the refineries expands its operations.

Hawaii does not need the loss of over 200 direct jobs and the possibility of over 2,000 related workers being put on the street should the Tesoro refinery permanently close. Please approve the legislative task force on energy security so a solution can be found to keep Tesoro workers like myself employed.

Thank you for giving me the opportunity to testify at your committee hearing.

HCR 99, HD1

REQUESTING THE CONVENING OF A
LEGISLATIVE TASK FORCE ON ENERGY
SECURITY.



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

NEIL ABERCROMBIE
GOVERNOR

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Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development, and Tourism
before the
**SENATE COMMITTEES ON ENERGY AND ENVIRONMENT
AND
WAYS AND MEANS**

Friday, April 19, 2013
1:45 p.m.
State Capitol, Conference Room 211

in consideration of
HCR 99, HD1
**REQUESTING THE CONVENING OF A LEGISLATIVE TASK FORCE ON ENERGY
SECURITY.**

Chairs Gabbard and Ige, Vice Chairs Ruderman and Kidani and Members of the
Committees.

The Department of Business, Economic Development & Tourism (DBEDT)
offers comments on HCR 99, HD1 to convene a Legislative Task Force on Energy Security.
DBEDT is concerned that this Legislative Task Force on Energy Security is duplicative to the
Hawaii Refinery Task Force which was established by Executive Order 13-01 on February 19,
2013 to assess potential price and supply disruptions from Tesoro's announced refinery closure
and to identify strategies and actions the State should consider to ensure a reliable and
competitive energy market as Hawaii makes the transition to a new energy ecosystem.

The Hawaii Refinery Task Force has 30 participants with approximately one-third each
from the energy industry; community leaders outside of energy; and the public sector, including a
representative of the Senate President and the Speaker of the House. Task Force members also
include representatives of federal and state government, electric and gas utilities, refineries, fuel
suppliers, labor, environment, finance, and other business representatives. The Task Force has

already convened to identify key stakeholder concerns, data inputs, and potential strategies and actions to promote a smooth transition as our fuels market evolves.

The Hawaii Refinery Task Force must submit short-term findings and recommendations to the Governor within 60 days of a refinery closure and must also submit an interim and final written report of its activities and recommendations to the Governor by September 30, 2013, and the final day of the 2014 legislative session, respectively.

Thank you for the opportunity to offer these comments on HCR 99, HD1.



HAWAII STATE AFL-CIO

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President

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The Senate
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Testimony by
Hawaii State AFL-CIO
April 19, 2013

HCR 99 HD1 - REQUESTING THE CONVENING OF A LEGISLATIVE TASK FORCE ON ENERGY SECURITY

The Hawaii State AFL-CIO strongly supports HCR 99, HD1, requesting the convening of a legislative task force on energy security.

The Hawaii State AFL-CIO recognizes the importance of Hawaii becoming less reliant on fossil fuels. However, until we have the proper alternative energy sources in place and the capability of supplying an isolated state of over one million residents and thousands of tourists, it is important to ensure refined petroleum remain cost effective and readily available to Hawaii's residents, the tourism industry, and the United States Military.

Currently, Hawaii has only two petroleum refineries and with the impending closure of the Tesoro refinery, Hawaii may not have the capability of supplying refined petroleum independently. Rather, Hawaii will need to acquire the necessary refined petroleum from other sources elsewhere in the region. This could result in instability, higher prices, and Hawaii being held captive to other markets. While we hope this doesn't happen, the only way we can be certain it does not is by refining and supplying our own petroleum.

Furthermore, the impending closure of the Tesoro refinery will unfortunately mean the elimination of nearly 250 well-paid jobs that will be nearly impossible to acquire elsewhere. Families will be disrupted and up to 2,500 related jobs could also be eliminated causing further burden and hardship. In addition, Hawaii will be left with only the Chevron refinery which has a maximum capacity of only 54,000 barrels per day, well below the estimated consumption of roughly 91,000 barrels per day Hawaii uses according to the U.S. Energy Information Administration (EIA).

While we hope that one day this will not present a challenge to Hawaii, we unfortunately are not at that point yet. Hawaii still relies heavily on fossil fuels, and the tourism industry and military require it. As a result, we hope the convening of this legislative taskforce will avert the closure of the Tesoro plant, by encouraging potential buyers and recognizing the need for two petroleum refineries in Hawaii.

Thank you for the opportunity to testify.

Respectfully submitted,

Randy Perreira
President

The Twenty-Seventh Legislature
Regular Session of 2013

HOUSE OF REPRESENTATIVES

Committee on Energy and Environment

Senator Mike Gabbard, Chair

Russell E. Ruderman, Vice Chair

Committee on Ways and Means

Senator David Y. Ige, Chair

Senator Michelle N. Kidani, Vice Chair

Hawaii State Capitol, Room 211

Friday, April 19, 2013; 1:45 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON HCR 99, PROPOSED HD1
Requesting the Convening of a Legislative Task Force on Energy Security**

The ILWU supports HCR 99, HD1, requesting the convening of a legislative task force on energy security.

The impending closure of the Tesoro refinery in Kapolei will have a dramatic impact on the price of refined petroleum products in Hawaii. Prices are already high, but there is a threshold over which the consumer will be unwilling to go. In a state with limited mass transit capability, particularly on the neighbor islands, the cost of petroleum is a major concern.

The cost of jet fuel is another concern that will impact anyone who travels between the islands. Business travelers and those visiting friends and family on other islands may find the cost of airfare prohibitive because of the high cost of fuel.

Although Tesoro itself has indicated that their profits are lagging, we understand that a refinery can be profitable in a small market like Hawaii. Given the importance of fuel to everyone in Hawaii, we believe the State should try all means possible to save a viable business and keep more than 200 people employed in good-paying jobs. Rather than trying to find ways to pick up the pieces after layoff occurs, the State should be focused on averting the plant closure by bringing stakeholders together, forging partnerships that could lead to continuing the refinery, and developing incentives to encourage potential buyers.

We also strongly support the inclusion of a representative of the United Steelworkers Union Local 12-591 on the task force. USW represents Tesoro's unionized workers and should be involved in the discussion about the refinery's future. They have assisted in averting plant closures in other areas and may be able to do the same here.

The ILWU urges adoption of HCR 99, HD1. Thank you for the opportunity to share our views on this matter.