

SB 1163

SB1163

Measure Title: RELATING TO MINERAL RESOURCES.

Report Title: Mineral Resources

Description: Revises statutory provisions relating to the regulation of mineral resources under chapters 171 and 182, Hawaii Revised Statutes, to include geothermal within the definition of a "renewable energy producer" and to provide clarity, eliminate ambiguities, and incorporate technical, nonsubstantive changes in accordance with Act 97, Session Laws of Hawaii 2012.

Companion: [HB932](#)

Package: Gov

Current Referral: WTL/ENE/JDL, WAM

Introducer(s): KIM (Introduced by request of another party)

<u>Sort by Date</u>		Status Text
1/24/2013	S	Introduced.
1/24/2013	S	Passed First Reading.
1/24/2013	S	Referred to WTL/ENE/JDL, WAM.
2/1/2013	S	The committee(s) on WTL/ENE/JDL has scheduled a public hearing on 02-05-13 1:40PM in conference room 225.

S = Senate | H = House | D = Data Systems | \$ = Appropriation measure | ConAm = Constitutional Amendment
Some of the above items require Adobe Acrobat Reader. Please visit [Adobe's download page](#) for detailed instructions.

NEIL ABERCROMBIE
GOVERNOR OF HAWAII



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

WILLIAM J. AILA, JR.
CHAIRPERSON
BOARD OF LAND AND NATURAL RESOURCES
COMMISSION ON WATER RESOURCE MANAGEMENT

ESTHER KIA'AINA
FIRST DEPUTY

WILLIAM M. TAM
DEPUTY DIRECTOR - WATER

AQUATIC RESOURCES
BOATING AND OCEAN RECREATION
BUREAU OF CONVEYANCES
COMMISSION ON WATER RESOURCE MANAGEMENT
CONSERVATION AND COASTAL LANDS
CONSERVATION AND RESOURCES ENFORCEMENT
ENGINEERING
FORESTRY AND WILDLIFE
HISTORIC PRESERVATION
KAHOOLAWE ISLAND RESERVE COMMISSION
LAND
STATE PARKS

Testimony of
WILLIAM J. AILA, JR.
Chairperson

Before the Senate Committees on
WATER AND LAND
and
ENERGY AND ENVIRONMENT
and
JUDICIARY AND LABOR

Tuesday, February 05, 2013
8:30 A.M.
State Capitol, Conference Room 225

In consideration of
SENATE BILL 1163
RELATING TO MINERAL RESOURCES

Senate Bill 1163 proposes to revise statutory provisions relating to the regulation of mineral resources under Chapters 171 and 182, Hawaii Revised Statutes, to include geothermal within the definition of a "renewable energy producer" and to provide clarity, eliminate ambiguities, and incorporate technical, non-substantive changes in accordance with Act 97, Session Laws of Hawaii (SLH) 2012. **The Department of Land and Natural Resources (Department) strongly supports this Administrative measure to reduce barriers that could pose potential delays to geothermal exploration and development.**

Current statutes do not classify geothermal resources as part of the definition of "renewable energy producer". Adding this designation would provide geothermal resources equity to other renewable energy sources such as wind, solar, hydropower, or biomass.

Statutes pertaining to the regulation and management of mineral resources are in need of update to provide clarity, reduce ambiguities, and to correlate changes in accordance with Act 97, SLH 2012. The identification and elimination of conflicts in statutory language and procedures would reduce barriers and eliminate ambiguities that could pose potential delays to geothermal exploration and development and facilitate the disposition and regulation of the use and management of mineral resources. Such clarification and update will assist the Department in

working toward meeting goals of the Hawaii Clean Energy Initiative and the Administration's New Day Plan regarding renewable energy development.

Thank you for the opportunity to provide testimony on this measure.



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

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
RICHARD C. LIM
Director

Department of Business, Economic Development, and Tourism
before the
**SENATE COMMITTEES ON WATER AND LAND,
ENERGY AND ENVIRONMENT, and
JUDICIARY AND LABOR**

Tuesday, February 5, 2013
1:40 PM
State Capitol, Conference Room 225

in consideration of
SB 1163
RELATING TO MINERAL RESOURCES

Chairs Solomon, Gabbard and Hee, Vice Chairs Shimabukuro and Ruderman, and
Members of the Committees,

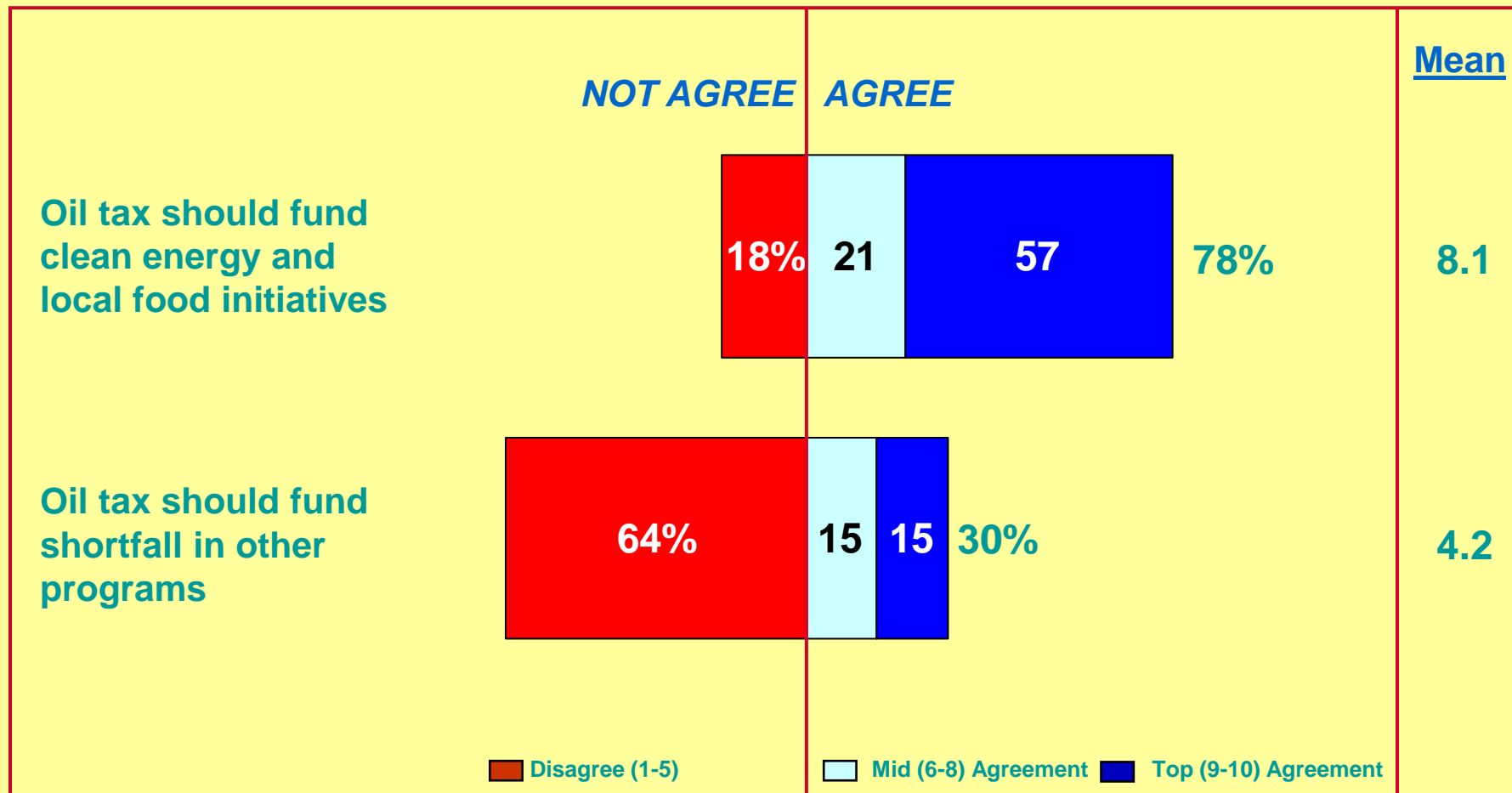
The Department of Business, Economic Development, and Tourism (DBEDT) supports
SB 1163, an Administration bill.

This bill includes geothermal within the definition of a renewable energy producer. It
also eliminates ambiguities, modifies definitions, and incorporates additional technical, non-
substantive changes in accordance with Act 97, SLH 2012.

Clarity in permitting procedures is essential for both regulators and potential renewable
energy developers. The elimination of conflicts in statutory language through this bill will
remove barriers and thus help the State achieve its renewable energy objectives.

Thank you for the opportunity to offer these comments in support of SB 1163.

Strong Support for Dedicated Funding of Energy and Food Sustainability Initiatives



Q: As you may know, in 2010 the legislature passed a \$1.05 tax on each barrel of oil imported into Hawaii, the purpose being three fold: first, to promote energy independence and clean energy alternatives, secondly, to promote locally-grown food and, third, to address environmental impacts like oil spills. However, most of the oil tax revenue was diverted to fund other state programs; and now some people want the monies from now on to be used for its original purpose. Using a 10-point scale where 10 means Completely Agree and 1 means Do Not Agree At All, how much do you agree or disagree that...?

- 1) Having clean energy sources and reducing reliance on imported food and energy are important and the oil tax revenue should go to fund these goals as intended
- 2) Most of the oil tax revenues should continue to fund the shortfall in the general state budget to pay for other governmental programs



Indigenous Consultants, LLC

Mililani B. Trask, Principal

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Mililani.trask@gmail.com



Date: Tuesday, February 5, 2013

Time: 1:40 pm

Place: Conference Room 225

Committees: Senate WTL/ENE/JDL, WAM

Referred: Senate WTL/ENE/JDL, WAM

February 1, 2013

Re: SB 1163 - Relating to Mineral Resources

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 supports this legislation because it is inclusive of all renewable energy developers and producers, including those who work with geothermal resources. In addition, this measure addresses a problem that has prevented private sector energy producers from bringing their technologies and financial resources to Hawaii for the last 20 years.

In Hawaii, the law requires that any person or entity seeking a general lease for State land must go through a public auction process. This means that a geothermal producer, who comes to Hawaii, obtains an exploratory license and expends several million dollars testing for geothermal resources, may not be able to obtain a general lease for production. This measure will allow geothermal producers to obtain a general lease if they have invested in our States energy future by assuming the cost for exploring & assessing Hawaii's geo-resources. This measure provides an incentive for private sector to pick up the costs for exploration in return for the opportunity to develop those resources.

In the past, Ormat Nevada (Puna Geothermal Venture) was given a license for exploration of our mineral & energy resources, but the State was not allowed to obtain the data! Ormat has kept all data pertaining to the Puna geothermal field as its private

proprietary property! In effect, the State was allowing private testing of public trust resources but was preventing itself, as the Trustee of those resources, from acquiring information about its own resources.

The State, as Trustee of our energy resources, has a Trust obligation to inventory, protect and develop our energy resources in a manner that brings a primary benefit to the State & its public & native beneficiaries. The old practice of allowing private sector to withhold data relating to energy resources was a breach of trust, this measure finally addresses the problem by requiring that the resource assessment data be “turned over to the board” and kept secret for a period of 6 months, to allow the license holder to apply for a general lease. This approach protects the opportunity for private sector partners to develop while ensuring that the State Trustee has all available data on its geothermal resources.

Last session the legislature amended our State planning statutes to prioritize the development of indigenous energy resources on public trust lands for the public benefit. It also received the final report of the Hawaii Island Geothermal Working Group that recommended that the State pursue geothermal development as the primary source for base-load power. This measure moves Hawaii forward to achieve its goals of energy self-sufficiency and should be passed by the legislature.

Regards,

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

Mililani B. Trask – Indigenous Consultants LLC

RE: SB 1163 Relating to Mineral Resources
Hearing Date: February 5, 2013
Room: CR 225
Time: 1:40 PM
Committees: WTL/ENE/JDL, WAM

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.

IDG supports this measure because it addresses an omission in the law that needs to be corrected. When this section of the law was initially adopted, geothermal energy producers & developers were left out. This omission was due to an old bias against geothermal energy development in Hawaii and the mistaken belief that Hawaiians oppose geothermal development.

Today, geothermal resource development is a significant part of Hawaii's energy future and planning. It is referenced in the HCEI as well as the Federal-State Executive 2008 Agreement on Energy. Today, for the first time in 30 years, the HECO has posted an RFP for geothermal power on Hawaii Island and announced that it will post a second RFP for geothermal resource development on Maui. Today, Hawaiians like the Innovations Development Group, and our State Senators from Hawaii Island are supporting geothermal energy development as the most affordable and plentiful source of base-load energy for Hawaii Island & possibly the State.

In 2010 the State Legislature passed a Senate Concurrent Resolution #99 establishing a Working Group on Hawaii Island to conduct a 2 years study of the viability of geothermal development. Its membership represented a cross section of stakeholders & residents including energy producers, labor, government, farmers, grass root Hawaiians, business, and scientists. The Working Group filed 2 reports to the State Legislators in 2011 and 2012. Its recommendations were presented to the Legislature in 2012. They included the following:

- Using MULTIPLE geothermal plants is the most prudent approach
- Historically in Hawaii geothermal is the cheapest energy source even cheaper than coal (usually considered cheapest fuel source for energy)
- Geothermal power has potential to supply base-load electricity, although it has not yet demonstrated base-load consistency in its application in Hawaii

- Geothermal is a renewable resource indigenous to Hawaii Island and can neutralize the price volatility of petroleum fuel for the county of Hawaii, both in terms of electrical grid and transportation
- Additionally, products that assist island agriculture can be cost-effectively produced with geothermal and replace the importation of products made on the Continental US from fossil fuels.
- Geothermal has a significant potential to be Hawaii Island's primary energy resource – Geothermal Working Group Final Report – January 1, 2012.

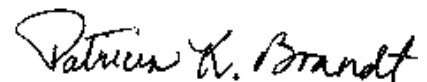
IDG also supports this measure because it provides a significant incentive for private sector to expend significant funds (millions) for the evaluation, geothermal exploration & assessment of the States & Public Trust Geothermal Resources. This incentive is the opportunity to develop the States geo-resources. The State has known for many years that it has huge geo-resources, however the State has never had the money, science expertise or technology to conduct geothermal exploration.

This measure will address this State need by providing that developers & producers who invest in costly exploration can develop the resource if the testing proves up.

It is time that geothermal developers & producers are included in the definition of renewable energy producers for our State. It is now time to implement the recommendations of the Geothermal Working Group.

IDG urges the State Legislature to adopt this measure.

Kind Regards,



Patricia K. Brandt
CEO IDG

From: mailinglist@capitol.hawaii.gov
To: [WTLTestimony](#)
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for SB1163 on Feb 5, 2013 13:40PM*
Date: Friday, February 01, 2013 1:53:16 PM

SB1163

Submitted on: 2/1/2013

Testimony for WTL/ENE/JDL on Feb 5, 2013 13:40PM in Conference Room 225

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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