



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

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GOVERNOR

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Statement of  
**Richard C. Lim**  
**Director**  
Department of Business, Economic Development, and Tourism  
before the  
**HOUSE COMMITTEE ON FINANCE**  
Wednesday, April 2, 2014  
2:00 p.m.  
State Capitol, Conference Room 308  
in consideration of  
**SB 2198, SD1, HD1**  
**RELATING TO RENEWABLE FUELS.**

Chair Luke, Vice Chairs Johanson and Nishimoto, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) supports the intent of SB 2198, SD1, HD1, which establishes a task force within DBEDT to perform a feasibility study and propose legislation for locally produced renewable fuels blending mandates, assuming adequate funding levels are provided to support this measure. This measure appropriates an unspecified amount to support the functions of the Task Force.

DBEDT estimates that adequate funding for this measure would be \$570,000, covering consulting fees and department staff over a two year period. Should the committee decide to proceed with this measure, we respectfully request that the additional funding requirement not replace or adversely impact priorities indicated in our executive budget.

Moreover, we defer to the Public Utilities Commission (PUC) on the regulatory and rate impacts of a potential locally produced renewable fuels mandate, and expresses concern about measures that might usurp the PUC's authority in this regard.

Thank you for the opportunity to offer these comments.



**Directors**

Jody Allione  
Silver Ridge

Joe Boivin  
Hawaii Gas

Kelly King  
Pacific Biodiesel

Warren S. Bollmeier II  
WSB-Hawaii

TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE  
HAWAII RENEWABLE ENERGY ALLIANCE BEFORE THE  
HOUSE COMMITTEE ON FINANCE

SB 2198 SD1 HD1, RELATING TO RENEWABLE FUELS

April 2, 2014

Chair Luke, Vice-Chairs Nishimoto and Johanson, and members of the Committee, I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance ("HREA"). HREA is an industry-based, nonprofit corporation in Hawaii established in 1995. Our mission is to support, through education and advocacy, the use of renewables for a sustainable, energy-efficient, environmentally-friendly, economically-sound future for Hawaii. One of our goals is to support appropriate policy changes in state and local government, the Public Utilities Commission and the electric utilities to encourage increased use of renewables in Hawaii.

The purposes of SB 2198 SD1 HD1 are to: (i) establish the Renewable Fuels Task Force, (ii) require the Renewable Fuels Task Force to perform a feasibility study and report its findings on locally produced renewable fuels, and (iii) appropriate funds.

HREA **supports** this measure with the following comments and recommendations:

- 1) Comments. This measure supports our clean energy goals for transportation by supporting a study on renewable fuels which hopefully:
  - a) will result in a collegial discussion of how we might move forward together to increase our use of renewable fuels in Hawaii, and
  - b) provide legislation appropriate to memorialize the results of the feasibility study.
- 2) Recommendations: We recommend the committee pass this measure out to facilitate further discussion on this important subject matter.

Mahalo for this opportunity to testify.



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March 31, 2014

**Testimony on Senate Bill 2198, SD1, HD1 Relating to Renewable Fuels  
SUPPORT**

Committee on Finance  
Representative Sylvia Luke, Chair  
Representative Scott Y. Nishimoto, Vice Chair  
Representative Aaron Ling Johanson, Vice Chair  
Hearing April 2, 2014 at 2:00pm, House Conference Room 308

Dear Chair Luke, Vice Chairs Nishimoto and Johanson and Committee Members,  
Pacific Biodiesel supports this bill to move Hawaii forward with respect to local renewable fuel production. Since the legislation seems to be a clear mandate to focus on how to implement and increase usage rather than "if" it should happen, we believe this legislation will have significant impact and Pacific Biodiesel looks forward to participating in the task force.

This effort is increasingly important to Hawaii's clean energy goals, given the focus on price and the current interest in "cheap" LNG which threatens to set back the progress our state has made in renewable energy production and distribution. SB 2198 supports the State of Hawaii's interest in becoming more energy self-sufficient and will aid in reaching our state clean energy goals for Transportation which have made extremely slow progress compared with our electric utility goals.

It is the goal of all those connected with Pacific Biodiesel to continue with our mission to promote a clean, sustainable energy future through the community-based production of renewable fuels, but we need the State to put the focus on Transportation to help fulfill the goal of 40% renewable fuels by 2030. Meanwhile, the petroleum industry with whom we must compete enjoys on-going, statutory support at all levels of government.

We ask you to pass SB2198, SD1, HD1 to support the continued efforts of those who are dedicated to producing renewable fuel throughout the State of Hawaii.

Mahalo,

*Kelly T. King*

Kelly Takaya King, Vice President  
[ktk@biodiesel.com](mailto:ktk@biodiesel.com)





April 1, 2014

To: The Honorable Sylvia Luke, Chair  
Members, House Committee on Finance

From: Tim Shestek  
Senior Director, State Affairs

**RE: SB 2198 HD1 – SUPPORT**

The American Chemistry Council (ACC) is writing in support of SB 2198 HD1, legislation that would establish the Renewable Fuels Task Force to study ways to increase locally-produced renewable fuels, including fuels produced from municipal solid waste.

By way of background, ACC is a trade association representing more than 140 leading companies engaged in the business of chemistry. ACC members support the EPA's waste management hierarchy that advises Americans to reduce, reuse, recycle and recover in order to send as few resources--including plastics--to landfill as possible. Modern energy recovery technologies, including combustion, gasification and pyrolysis are environmentally sound, help to reduce the amount of solid waste sent to landfill, and produce domestic alternative energy, fuels and chemical feedstocks.

Plastics recycling has increased every year since 1990. The growing availability of recycled plastics has helped create new jobs and innovative products. However, it is currently not economically feasible to recycle all types of plastics, especially some food contaminated plastics, multi-layer packaging, and mixed plastics that don't have strong domestic markets. Those are still being buried in landfills every day – wasting a valuable energy source. However, advanced energy recovery technologies like combustion and pyrolysis are currently being used to transform non-recycled plastics into alternative energy sources. According to EPA, established energy recovery facilities generate electricity with less environmental impact than almost any other source of electricity. Additionally, the Energy Policy Act of 2005, the U.S. Department of Energy, and 27 other state governments classify energy generated from waste as “renewable” and eligible to fulfill renewable portfolio standard requirements.

Energy recovery technologies complement recycling efforts and reduce waste that would otherwise be sent to landfills. A 2011 study from Columbia University found that if all of the non-recycled waste produced in the United States each year were recovered for energy, it could power over 16 million American homes. Other non-governmental organizations, such as the Center for American Progress, recognize the environmental benefits of waste-to-energy over landfill. Their April 2013 report titled “Energy from Waste Can Help Curb Greenhouse Gas Emissions” concluded that not only do communities that have waste-to-energy have aggregate recycling rates greater than the national average, but that there are considerable greenhouse gas reductions benefits compared to landfilling of waste. ACC looks forward to working with this task force to examine opportunities to advance energy recovery technologies in the state of Hawaii.

For the above stated reasons, ACC supports SB 2198 HD1. If you have any questions or comments, please do not hesitate to contact me at 916-448-2581 or ACC's Hawaii based representatives Red Morris and/or John Radcliffe at 808-531-4551.



**Testimony of  
Gary M. Slovin / Mihoko E. Ito  
on behalf of  
The Alliance of Automobile Manufacturers**

DATE: March 15, 2014

TO: Representative Sylvia Luke  
Chair, Committee on Finance  
*Submitted Via [FINtestimony@capitol.hawaii.gov](mailto:FINtestimony@capitol.hawaii.gov)*

RE: **S.B. 2198 SD1 HD1 – Relating to Renewable Fuels**  
**Hearing Date: Wednesday, April 2, 2014 at 2:00 pm.**  
**Conference Room: 308**

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Dear Chair Luke and Members of the Committee on Finance,

On behalf of the Alliance of Automobile Manufacturers (“Alliance”) we submit this testimony regarding S.B. 2198 SD1 HD1.

The Alliance is a trade association of twelve car and light truck manufacturers including BMW Group, Chrysler Group LLC, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche, Toyota, Volkswagen Group of North America, and Volvo.

The Alliance is in **support** of S.B. 2198 SD1 HD1. The Alliance and its members have invested billions of dollars in developing engines that will use a variety of fuels. These include electric vehicles, full flex vehicles, diesel vehicles that can use biofuels and hydrogen. The manufacturers have also worked hard to make standard vehicles close to emission free with very high miles per gallon. As an example, the Alliance is very involved in the pilot program in California to establish nearly 100 hydrogen fueling stations in certain areas of California.

The Alliance supports the development of bio fuels. As we have noted earlier, such biofuels need to meet standards such that these fuels can be used without harm to diesel engines. And biofuels are being used in diesel engines today. Today, these fuels cannot be used in standard gasoline engines. However, technologies are continuing to be developed in an effort to make the standard motor vehicle less dependent on the use of fossil fuels.

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Gary M. Slovin  
Mihoko E. Ito  
Tiffany N. Yajima  
Jennifer C. Taylor

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In recent years, the Alliance has been an active supporter and member of the Transportation Working Group of the Hawaii Energy Policy Forum. We believe that those discussions have been useful as the various stakeholders who have participated have been able to educate themselves and others about the various issues involved with developing alternative fuels. What has been developed so far in terms of gas mileage and the development of alternative fuels could probably not have been anticipated just a few years ago. The Alliance is very interested in participating in further discussions on this important subject and is pleased that it has been named as a member of the task force. Just as we have been active in the Transportation Working Group, the Alliance will be an active participant in the task force and believes that the task force can accomplish a great deal in meeting the objectives of Senate Bill 2198 SD1 HD1.

Thank you for the opportunity to submit testimony on this bill.

**finance1**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Tuesday, April 01, 2014 9:34 AM  
**To:** FINTestimony  
**Cc:** ewooldridge@biodiesel.com  
**Subject:** \*Submitted testimony for SB2198 on Apr 2, 2014 14:00PM\*

**SB2198**

Submitted on: 4/1/2014

Testimony for FIN on Apr 2, 2014 14:00PM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Erin Wooldridge	Individual	Support	No

Comments:

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April 2, 2014  
Hawaii State Capitol, Room 308

Senate Bill 2198 SD1, HD 1: Relating to Renewable Fuels

Aloha Chair Luke, Vice Chair Nishimoto and Vice Chair Johanson, and members of the House Finance committee:

We offer comments regarding Senate Bill 2198, SD 1, HD 1, relating to renewable fuels.

SB 2198, SD 1, HD 1 establishes the renewable fuels task force within the Department of Business, Economic Development, and Tourism. This bill requires the renewable fuels task force to perform a feasibility study involving locally produced renewable fuels and requires the renewable task force to report its findings and recommendations to the Legislature.

Chevron Products Company (Chevron) offers the following comments and recommendations:

The primary tasks of the Task Force are consistent with the Biofuels Study required by Act 203, Sessions Law of Hawaii, 2011. The conclusions of DBEDT's report entitled, *Biofuels Study Final Report to the Legislature In Accordance with Act 203, Session Laws of Hawaii, 2011* (DBEDT, December 2012) report was submitted to the Legislature in December 2012. It is not clear why a Task Force is now needed, and whether spending \$570,000 is justified and a prudent use of taxpayer dollars.

Should the House Economic Development and Business committee decide to proceed with a Task Force, the make-up should include all parties that are potentially impacted including both refiners and other petroleum supply chain participants. To include a broad spectrum of directly affected parties would permit a more collaborative dialog and likely lead to a better result.

Thank you for the opportunity to offer these comments.





**TESTIMONY COMMENTING ON SENATE BILL 2198, SENATE DRAFT 1, HOUSE DRAFT 1,  
RELATING TO RENEWABLE FUELS**

House Committee on Finance  
The Honorable Sylvia Luke, Chair  
The Honorable Aaron Ling Johanson, Vice Chair  
Wednesday, April 2, 2014 – 2:00 p.m.  
State Capitol, Room 308

Chair Luke, Vice Chair Johanson and members of the Committee,

Thank you for the opportunity to submit written comments on SB 2198, SD 1, HD 1, relating to renewable fuels. My name is Lance Tanaka, director of government and public affairs for Hawaii Independent Energy, LLC (“HIE”). HIE is a subsidiary of Par Petroleum Corporation and operates the larger of the state’s two petroleum refineries and a chain of gasoline stations on Oahu, Maui and Hawaii Island.

The purpose of this bill is to establish a Renewable Fuels Task Force. Requires the Renewable Fuels Task Force to perform a feasibility study and report its findings on locally produced renewable fuels.

HIE would like to offer the following comments for the Committee’s consideration:

**Biofuels study:** In 2011, the Hawaii Legislature tasked the state energy coordinator with conducting a study and issuing a preliminary and a final report on the conditions and policies necessary to expand biofuel production in the State to displace a significant amount of petroleum-based liquid fuel (preamble from Senate Bill 147, Conference Draft 1, enacted as Act 203, SLH 2011). The state’s consultant, ICF International, completed a study<sup>1</sup> in December 2012. The study concluded that while allowing gasoline distributors to count other biofuels (biodiesel, renewable diesel, or renewable gasoline) towards required volumes would be consistent with the policy direction of the state and could be considered, *no additional fuel mandates are currently needed*. In light of the study’s findings, HIE asks the committee to consider whether convening a task force is necessary.

**Unintended consequences of blending mandates:** One of the methods for increasing usage of locally produced renewable fuels that the proposed task force is likely to consider is to require distributors to blend other biofuels. HIE is obligated to remind lawmakers that Hawaii’s

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<sup>1</sup>Hawaii Department of Business, Economic Development & Tourism: “Biofuels Study – Final Report to the Legislature in Accordance with Act 203, Session Laws of Hawaii, 2011”

10 percent ethanol blending mandate, which went into effect in April 2006, was fraught with unintended consequences that adversely impacted consumers as well as refiners and distributors. Furthermore, one of the key provisions of the current blending law, to resurrect Hawaii's sugar cane industry in order to produce ethanol locally, remains unrealized. Measures requiring the blending of up to five percent biofuel into road diesel that were considered in previous legislative sessions were opposed by the local petroleum industry due to the potential for cross-contamination of jet fuel as products are transferred via common-carrier pipelines. As for ethanol, soon after the blending mandate went into effect, several commercial and recreational boat owners brought suit against HIE's predecessor, Tesoro Hawaii, for damages to engines and fuel tanks that were alleged to have been caused by the biofuel. In this respect, distributors that are required by law to blend the biofuel stand to bear a disproportionate amount of the risks and liabilities of these unintended consequences.

**Amendments:** If a task force is to be convened, then HIE recommends broadening the stakeholders who are represented on the task force. HIE notes that the Hawaii chapter of the Western State Petroleum Association disbanded when Tesoro Hawaii was being acquired by Par Petroleum in 2013. The Chevron and HIE refineries should each have a representative at the table since their processing facilities are configured differently. Additionally, consideration should be given towards offering non-refining distributors representation on the task force.

SECTION 2. (a) There shall be established within the department of business, economic development and tourism a task force on renewable fuels. The task force shall examine:

- (b) The task force shall be comprised of:
- (4) Representatives from the following organizations who shall be requested to serve on the task force:
  - (A) ~~The Western States Petroleum Association~~ Chevron Hawaii refinery;
  - (B) Hawaii Independent Energy refinery;
  - (BC) Non-refining distributors (i.e. Aloha Petroleum, Mid Pac Petroleum, etc.);
  - (CD) The Hawaii Automobile Dealers Association;
  - (DE) The Alliance of Automobile Manufacturers; and
  - (EF) The Airlines Committee of Hawaii; and

Thank you for allowing Hawaii Independent Energy the opportunity to present these comments and recommended amendments for your consideration.

**LATE**

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Wednesday, April 02, 2014 12:47 PM  
**To:** FINTestimony  
**Cc:** drof@hawaiiidealer.com  
**Subject:** Submitted testimony for SB2198 on Apr 2, 2014 14:00PM  
**Attachments:** 2014 HADA testimony with COMMENTS on SB2198, S.D.1 H.D.1 relating to RENEWABLE FUELS.htm

**SB2198**

Submitted on: 4/2/2014

Testimony for FIN on Apr 2, 2014 14:00PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
David Rolf	Hawaii Auto Dealers Assoc	Comments Only	Yes

Comments: Please see the attached HADA comments on SB2198 S.D. 1 H.D.1. Respectfully submitted by David H. Rolf for the Members of the Hawaii Automobile Dealers Association

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