



TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 1942, H.D. 1, S.D. 1

March 25, 2014

RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST WITH THE PLANNING, DESIGN, CONSTRUCTION, EQUIPPING, LAND LEASES, AND OTHER TANGIBLE ASSETS FOR A RENEWABLE ENERGY PROJECT WITH ENERGY STORAGE TECHNOLOGY ON THE ISLAND OF MOLOKAI

House Bill No. 1942, H.D. 1, S.D. 1, authorizes the issuance of special purpose revenue bonds (SPRB) to assist Princeton Energy Group or a related special purpose entity with the financing and refinancing of costs relating to the planning, design, and construction of a renewable energy project with energy storage technology on the island of Molokai pursuant to Part V, Chapter 39A, Hawaii Revised Statutes.

The Department would like to advise the Legislature and prospective issuers that should the legislation be approved, approval of SPRB issuance will still require further discussion and satisfactory review of the financing components involved in the transaction.

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



**Testimony to the Senate Committee on Ways and Means
Tuesday, March 25, 2014 at 9:05 A.M.
Conference Room 211, State Capitol**

**RE: HOUSE BILL 1942 HD1 SD1 RELATING TO THE ISSUANCE OF SPECIAL
PURPOSE REVENUE BONDS TO ASSIST WITH THE PLANNING, DESIGN,
CONSTRUCTION, EQUIPPING, LAND LEASES, AND OTHER TANGIBLE ASSETS
FOR A RENEWABLE ENERGY PROJECT WITH ENERGY STORAGE
TECHNOLOGY ON THE ISLAND OF MOLOKAI**

Chair Ige, Vice Chair Kidani, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") **supports** HB 1942 HD1 SD1 which authorizes the issuance of special purpose revenue bonds to assist Princeton Energy Group or a related special purpose entity with the financing and refinancing costs relating to the planning, design, and construction of a renewable energy project with energy storage technology on the island of Molokai.

The Chamber is the largest business organization in Hawaii, representing over 1,000 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Ikehu Molokai Project seeks to make Molokai a prime example of renewable energy through this multi-megawatt renewable energy project and storage technology; this would move Molokai off of fossil fuels and significantly reduce the island's carbon footprint. Additionally, this project provides great benefits to the community by stabilizing the electrical grid and bringing electric rates down.

The SPRBs provided by this measure would provide much-needed financial support for this innovative project. The funds authorized for this Ikehu Molokai project would help Molokai take the first step to moving an electric grid of this capacity from 100% carbon-based fuels to 100% renewable energy. This project's success would be the first of many for Hawaii to provide more self-sufficient energy and lower electrical costs.

Thank you for the opportunity to testify.



SENATE COMMITTEE ON WAYS & MEANS
Tuesday, March 25, 2014 – 9:05 a.m. – Room 211

Ulupono Initiative Strongly Supports of HB 1942 HD 1 SD 1, Relating to the Issuance of Special Purpose Revenue Bonds to assist with the Planning, Design, Construction, Equipping, Land Leases, and other Tangible Assets for a Renewable Energy Project with Energy Storage Technology on the Island of Molokai

Dear Chair Ige, Vice Chair Kidani and Members of the Committee:

My name is Murray Clay and I am managing partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase renewable energy, and reduce/recycle waste. Ulupono invests in projects that have the potential to create large-scale, innovative change.

Ulupono strongly supports HB 1942 HD 1 SD 1, which authorizes the issuance of special purpose revenue bonds to assist Princeton Energy Group. Ulupono would like to see as much renewable energy production as possible. However, the electrical grid can only handle a finite amount of intermittent renewable energy production sources such as solar and wind. As intermittent power is reaching its cap on Molokai, a feasible solution is energy storage. If energy storage projects were successfully developed, there would be increased grid reliability and resilience. Therefore, more local renewable energy can be generated on Molokai to offset imported fossil fuel based energy generation. Energy storage projects would greatly benefit the residents of Molokai.

Ulupono is looking to invest in energy storage projects as we believe they could make a significant difference in helping Hawai'i reduce its dependence on fossil fuels.

Thank you for this opportunity to testify.

Respectfully,

Murray Clay
Managing Partner

Email: communications@ulupono.com





SENATE COMMITTEE ON WAYS AND MEANS

March 25, 2014, 9:05 A.M.

Room 211

(Testimony is 2 pages long)



TESTIMONY IN SUPPORT OF HB 1942 HD1 SD1

Chair Ige and Committee members:

The Blue Planet Foundation supports HB 1942 HD1 SD1, authorizing a special purpose revenue bond for the purpose of assisting Princeton Energy, or a related special purpose entity, to finance the planning, designing, and construction of a renewable energy project on the island of Molokai. The project is slated to include energy storage, allowing Molokai to reliably generate nearly 100% of its electricity from clean local energy.

Blue Planet, working together with groups such as Sust 'āina ble Molokai and Hawaii Energy, has implemented several successful community-based energy efficiency programs on the island of Molokai. Molokai's communities use less electricity per capita than any other island in the state, *already* ahead of the 2030 statutory energy efficiency target. This efficiency demonstrates that Molokai's communities need and want cheaper and cleaner energy. But efficiency can only go so far -- Molokai's aging fossil fuel infrastructure needs to be updated with a robust renewable infrastructure to provide cleaner, cheaper, reliable energy.

Over the last year, Molokai's residential electricity rate has hovered around 46 cents per kWh. For comparison, in 2009 the rate averaged around 32 cents per kWh. This dramatic spike in energy costs is driven by the price of oil, and illustrates the inherent volatility of imported fossil fuels. Renewable energy can free Molokai's residents and businesses from this volatility, by providing local clean energy at a levelized cost.

We urge the state to support the effort to plan, design, and construct a renewable energy project that can work for Molokai and its communities.

Thank you for the opportunity to testify.