



**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  
**HOUSE COMMITTEE ON ENVIRONMENTAL PROTECTION**  
And  
**HOUSE COMMITTEE ON WATER & LAND**

Tuesday, March 18, 2014

8:30 a.m.

State Capitol, Conference Room 325

in consideration of  
**SB 2664, SD2**  
**RELATING TO NATURAL RESOURCES.**

Chairs Lee and Evans, Vice Chairs Thielen and Lowen, and Members of the Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) supports SB 2664, SD2, which: (1) includes geothermal within the definition of a renewable energy producer for public land leasing purposes; (2) eliminates ambiguities, modifies definitions and incorporates additional technical, non-substantive changes; and (3) provides additional clarity and detail regarding Department of Land and Natural Resources (DLNR) administration of the State's mineral leasing program, including fees and penalties.

The clarifications to the definition of a renewable energy producer and procedures for awarding mining leases should encourage geothermal development, supporting the State's energy policy directives of a diversified renewable portfolio anchored by geothermal and ultimately contribute to additional income to the State from payroll taxes, royalties, and increased economic activity.

We defer to DLNR regarding the provisions of this measure impacting the administration of the State's mineral leasing program.

Thank you for the opportunity to offer these comments in support of SB 2664, SD2.

NEIL ABERCROMBIE  
GOVERNOR OF HAWAII



**STATE OF HAWAII  
DEPARTMENT OF LAND AND NATURAL RESOURCES**

POST OFFICE BOX 621  
HONOLULU, HAWAII 96809

**Testimony of  
WILLIAM J. AILA, JR.  
Chairperson**

**Before the House Committees on  
ENERGY & ENVIRONMENTAL PROTECTION  
and  
WATER & LAND**

**Tuesday, March 18, 2014  
8:30 A.M.  
State Capitol, Conference Room 325**

**In consideration of  
SENATE BILL 2664, SENATE DRAFT 2  
RELATING TO NATURAL RESOURCES**

Senate Bill 2664, Senate Draft 2, 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 measure.**

The Department is responsible for the regulation of geothermal resources in the State. Through the issuance of geothermal resource mining leases and regulatory permits, the Department is tasked to manage the resource and its development to protect the health and safety of the public and to ensure the continued viability of this Public Trust Resource for future generations.

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 need updates 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.

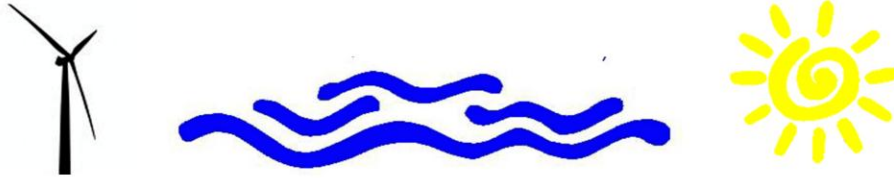
Thank you for the opportunity to testify on this measure.

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

**JESSE K. SOUKI**  
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



# LIFE OF THE LAND

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## COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Rep. Chris Lee, Chair

Rep. Cynthia Thielen, Vice Chair

## COMMITTEE ON WATER & LAND

Rep. Cindy Evans, Chair

Rep. Nicole E. Lowen, Vice Chair

DATE: Tuesday, March 18, 2014

TIME: 8:30 A.M.

PLACE: Conference Room 325

SB 2663, SD2 & SB 2664, SD2 Relating To Natural Resources

Aloha Chairs Lee and Evans and Members of the Committees,

Life of the Land is Hawai`i's own energy, environmental and community action group advocating for the people and `aina for four decades. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

Life of the Land supports responsible geothermal development.

The geothermal heat recovery process or electricity generation process

- \* Must be closed loop
- \* Minimize accidental emissions
- \* Have working emission monitoring equipment in place
- \* Be located in places where there is a demand for geothermal heat/electricity
- \* Located where there have been advanced community meetings and where the community has accepted the need for the project, and
- \* Where there are not alternatives which offer greater reliability at lower costs and with smaller footprints.

The proposed geothermal in Puna fails on a number of accounts.

Three fifths of existing Big Island generation is on the east side while three fifths of the demand is on the west side of the island. The west side's population is growing faster.

The Kohala-Waikoloa area has more than 2/3 of the land-based recoverable wind resources of the entire Hawai'i archipelago. The west side has enormous solar opportunities and geothermal potential. None of these have been part of any comparative analysis.

The limited cost analysis appearing in the recently filed HECO Companies Integrated Resource Planning (IRP) process was not subject to review or critique.

There are inadequate warning systems for accidental emissions in Puna.

Geothermal developers and HELCO have been reluctant to discuss plans with the Puna community.

One bidder, Innovations Development Group (IDG) and their affiliate Indigenous Consultants (IC) have openly attacked people who disagree with them. They presented both written and oral testimony on geothermal bills in the Legislature. Their testimony referred to Dr. Sadiq Zarrouk and a paper he wrote countering "*fracking hysteria*." IDG did not mention that Dr. Sadiq Zarrouk is an IDG consultant. They also did not mention his research on enhanced coal bed methane extraction.

The background on the current geothermal regulatory proceeding is quite relevant.

**On May 1, 2012** the Public Utilities Commission (PUC) opened a regulatory proceeding regarding the Hawaii Electric Light Company (HELCO) Geothermal Request for Proposal (RFP).

**On December 20, 2014** the PUC approved the HELCO-Hu Honua Power Purchase Agreement (PPA). The intervenors admitted into the regulatory proceeding by the PUC were Hamakua Energy Partners, L.P.; Tawhiri Power LLC; and Life of the Land.

The Hu Honua decision stated that HELCO had 120 days to file a Power Supply Improvement Plan (PSIP) with the PUC. The filing must consist of four components: (1) Fossil Generation Retirement Plan, (2) Generation Flexibility Plan, (3) Must-Run Generation Reduction Plan, and (4) Generation Commitment and Economic Dispatch Review.

**In January 2014** Energy and Environmental Economics, Inc. (**E3**) filed an "Evaluation of Hawaii's Renewable Energy Policy and Procurement." San Francisco based E3 had been hired by the National Association of Regulatory Commissioners (NARUC) and the Hawaii Public Utilities Commission (PUC). E3 found that "*HELCO does not need new capacity resources until 2035.*"

**On March 5, 2014** HELCO wrote a letter to the Public Utilities Commission

*"The megawatts obtained through the Geothermal RFP are anticipated to substitute for megawatts generated by fossil fuel conventional facilities, which may lead to the decommitment, retirement, or displacement of one or more of Hawai'i Electric Light's fossil-fueled conventional facilities in the future as a result of the Geothermal RFP. ...*

*Therefore, a new geothermal facility will be required to meet the Performance Standards in order to maintain Hawai'i Electric Light's system reliability and stability and to enable the continued integration and management of intermittent renewable resources, such as wind and solar power."*

**On March 6, 2014** HELCO wrote a letter to Hu'ena Power, LLLP (Innovations Development Group )

The Commission gave HELCO 120 days to file a PSIP. The PUC also stated that HELCO should ensure that *"curtailments of renewable energy resources, where necessary, are accomplished in cost-effective manner from the perspective of ratepayers."*

Furthermore HELCO asked Geothermal Bidders to provide additional information regarding their bids.

Eligible Bidders should *"confirm that their Bids take into consideration the impacts of Hawai'i County Code Article 19 relating to geothermal drilling (Ord. No. 12-151, sec. 1, 2012) and the potential impacts of recently enacted Hawai'i County Code Article 21 relating to hydraulic fracturing (Ord. No. 13- 115, sec. 2, 2013).*

*An important aspect of the Geothermal RFP is the requirement that all Bidders identify a detailed plan for community outreach and communications with respect to the proposed geothermal facility. Hawai'i Electric Light would like to emphasize the importance of continuing this outreach process to include and address issues such as hydraulic fracturing and geothermal drilling."*

There is time to get the proper geothermal regulatory process enacted into law. Due process and contested case proceedings must be part of the process.

There have been regulatory battles where developers have abused the regulatory process, sought to cut corners, failed to follow rules, and caused long delays. To reference the length of these proceedings as reasons to do away with due process is absurd.

Please pass responsible geothermal legislation

Mahalo

Henry Curtis  
Executive Director





# Indigenous Consultants, LLC

Mililani B. Trask, Principal

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Bill#: **SB 2664**

Committees: EEP/WAL

Hearing Date: Tuesday, March 18, 2014

Room: 325

Time: 8:30 am

Testimony in Support with Amendments

March 17, 2014

Aloha Senators,

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.

IC supports the inclusion of geothermal within the definition of a renewable energy producer and the updated language that eliminates ambiguities because 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.

IC supports the language changes proposed by DLNR and requests that the report reference and support uses of steam for hot house agriculture.

Please pass this measure, with definition changes recommended by DLNR.

Sincerely,

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Mililani B. Trask, Indigenous Consultants, LLC

Mar 14, 2014

Representative Cynthia Evans  
Hawaii State Capitol, Room 425  
45 South Beretania Street  
Honolulu, Oahu, HI 96813

Dear Representative Evans,

I urge you to support Senate Bill 2264. This bill will help family caregivers in Hawaii when their loved ones go into the hospital. The bill will allow for caregivers to receive a live demonstration on how to provide necessary care at home after their loved one is discharged. It will also give patients the opportunity to designate a caregiver at the time of their admission to the hospital.

The CARE Act will have the two-pronged effect of supporting family caregivers and keeping health care costs in check. It enables caregivers to support their loved ones at home and discourages costly and unnecessary hospital readmissions. According to a report by Kaiser Health News in 2013, 71 percent of Hawaii hospitals were penalized by the Centers for Medicare and Medicaid Services for excessive hospital readmissions.

Hawaii's family caregivers, and the seniors they help live independently at home, are counting on your support. Please vote YES on Senate Bill 2264.

Aloha,

Mr. Daniel Manuel  
PO Box 2864  
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(808) 882-0403