

HB 2085, HD 2

TESTIMONY



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

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON TRANSPORTATION AND ENERGY
Tuesday, March 15, 2016
2:45 p.m.
State Capitol, Conference Room 229

in consideration of
HB 2085 HD2
RELATING TO ENERGY

Chair Inouye, Vice Chair Gabbard, and Members of the Committee.

The Department of Business, Economic Development & Tourism (DBEDT) respectfully offers comments on HB 2085, HD2, which aims to reduce and ultimately eliminate Hawaii's dependence on imported fossil fuels for electrical generation and ground transportation by 2045. The HD2 increases the planning timeframe from 2030 to 2045 and includes additional reporting requirements.

DBEDT supports the intent of the bill to decarbonize the transportation sector. Consistent with Act 38, 2015, DBEDT convened transportation stakeholders in a series of meetings culminating in the HCEI Transportation Energy Analysis (HTEA) report last year. The report identified nearly 100 potential tactics that could contribute to reducing petroleum consumption in the transportation sector, thoroughly analyzed 38 tactics, and recommended 22 tactics that could potentially provide 72 million gallons a year reduction in fossil fuel consumption by 2030. The recommended tactics are not exhaustive, however they identify the potential and means by which petroleum consumption could be reduced based on achievable, economically feasible actions.

DBEDT has concerns regarding the transportation goals of HB 2085 HD2 to achieve a 99% reduction in annual sales of diesel oil and gasoline for use in ground transportation ("less than one million gallons by 2045"). The average life of a car/light truck class vehicle in Hawaii is seventeen years, per the International Council for Clean Transportation (ICCT). In order to meet the goals of HB 2085, HD2, every single new consumer vehicle sold in Hawaii from 2028

onward would need to be all-battery electric vehicles or hydrogen fuel cell vehicles, and Hawaii must replace virtually all on road fossil fuel vehicles in this class with electric vehicles (all-battery electric or hydrogen) by 2045. Noted in The Alliance of Automobile Manufacturers February 9, 2016, HB 2085 testimony, “the California Air Resources Board (ARB) believes the state of California’s 2050 GHG reduction targets can be met if, in the light duty market, 100% of new vehicles sold in the state in 2050 are plug-in hybrid electric vehicles, battery electric vehicles, or hydrogen fuel cell vehicles.” The California clean vehicle sales target for 2050 is two decades beyond the clean vehicles sales target implied by less than one million gallons by 2045.

DBEDT recommends amendments to Section 2, Section 3, and Section 4 and suggests the following language for consideration:

SECTION 2. Section 196-10.5 (6) A plan, to be implemented from 2011 to [2030,] 2045, to transition the State to a clean energy economy[;], ~~including the reduction and ultimate elimination of Hawaii's dependence on imported fossil fuels for electrical generation and ground transportation by 2045; and~~ increasing energy security and self-sufficiency through the maximum reductions of imported fuels for electrical generation and ground transportation by 2045 in a manner that is beneficial to Hawaii's economy. The department of business, economic development, and tourism should consult with the department of transportation in the development of the plan as it pertains to transportation; and

SECTION 3. Section 226-17 (3) ~~Increased energy security and self-sufficiency through the reduction and ultimate elimination of imported fossil fuels for ground transportation by 2045.~~ Increased energy security and self-sufficiency through the maximum reductions of imported fuels for ground transportation by 2045 in a manner that is beneficial to Hawaii's economy.

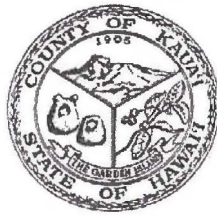
SECTION 4. Section 226-18 DBEDT recommends removing mention of “2045” and “fossil” in Section 4 (a) (2).

DBEDT’s proposed amendments remove the reference to “fossil” in “imported fossil fuels” to emphasize the development of indigenous renewable resources. As the most isolated population center on the planet, energy security is a key component. Pursuing energy independence by developing Hawaii’s indigenous renewable resources provides many benefits including energy security and environmental stewardship. DBEDT recommends thoughtful planning to reduce dependence on all imported fuels, to ensure Hawaii remains focused on the critical objective of energy independence.

DBEDT supports the intent of HB 2085 HD2 Section 2 (c) (4) which expands reporting requirements in DBEDT's annual report to the legislature to include "Recommendations to achieve the goals of subsection (a) (6), including timelines and benchmarks." DBEDT does note that the additional reporting requirements in comprehensive planning for Hawaii's integrated energy ecosystem will increase resource requirements.

Thank you for the opportunity to provide these comments regarding HB 2085, HD2.

Bernard P. Carvalho, Jr.
Mayor



George K. Costa
Director

Nadine Nakamura
Managing Director

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County of Kaua'i, State of Hawai'i
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Before the Senate Committee on Transportation and Energy
Tuesday, March 15th, 2016
Conference Room 229
2:45 p.m.

IN SUPPORT OF HB 2085 RELATING TO ENERGY

Chair Inouye, Vice Chair Gabbard, and members of the committee,

The County of Kauai supports HB 2085, which establishes 2045 as the target date for eliminating the use of fossil fuel in the ground transportation sector. Although some critics of this bill may call it an arbitrary target, a great deal of evidence exists that demonstrates the contrary. The legislature has frequently cited climate change and greenhouse gas mitigation as an important driver to our actions in moving toward clean energy. At COP21 in Paris in December of last year, over 190 Countries including the US agreed that our global goal with regards to climate change should be:

"holding the increase in global average temperature to well below 2°C above pre-industrial levels, and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels."

The obvious next question for policy makers, should we accept the above, is *what level of emissions reductions is required to achieve this goal?* In the US submittal to the UNFCC leading up to COP 21, the United States answered this question as follows:

"Substantial global emission reductions are needed to keep the global temperature rise below 2 degrees Celsius, and the 2025 target is consistent with a path to deep decarbonization. This target is consistent with a straight line emission reduction pathway from 2020 to deep, economy-wide emission reductions of 80% or more by 2050. The target is part of a longer range, collective effort to transition to a low-carbon global economy as rapidly as possible." (emphasis added)

The pathway to decarbonization in Hawaii's ground transportation sector contains many unknowns, both in terms of technology and cost. Recent analysis by ICCT in conjunction with DBEDT and Hawaii stakeholders provides a conservative and necessarily incomplete, yet nonetheless very useful baseline of what is possible over the short term. The authors of the report state in the executive summary that:

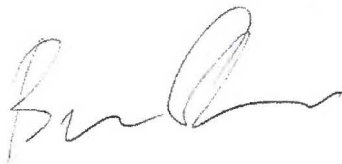
"Moreover, this initial list is not the actual roadmap for action, but a scientific analysis of strategies and tactics that do not include all potentially beneficial and cost-effective actions." (executive summary p. 5)

The ingredient lacking at the outset of this report was a clear and measurable target date for the elimination of fossil fuels in ground transportation. We simply cannot create a 'roadmap for action' without knowing where it is we are going. Further, such a target should not be based exclusively on feasibility as determined by a group of energy wonks, but should instead be set by leaders who also understand the larger picture as it relates to global climate change.

What combination of technologies and system changes can get us to 100%? How will we track our progress? How will we enforce the reduced use of fossil fuels? How will we pay for it? These are all very important questions, but without a clear, over-arching goal, they are very difficult to determine.

We ask that you set this long term goal based on the definitive scientific evidence around the need to mitigate climate change. Our communities, businesses, and institutions can then come together and begin to address the many energy policy questions that will arise as a result.

Sincerely,

A handwritten signature in black ink, appearing to read "Ben Sullivan". The signature is fluid and cursive, with a large initial "B" and "S".

Ben Sullivan
Energy and Sustainability Coordinator
Office of Economic Development
County of Kauai



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the Senate Committee on Transportation and Energy
Tuesday, March 15, 2016 at 2:45 P.M.
Conference Room 229, State Capitol**

RE: HOUSE BILL 2085 HD 2 RELATING TO ENERGY

Chair Inouye, Vice Chair Gabbard, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **provides comments on** HB 2085 HD 2, which aims to reduce and ultimately eliminate Hawaii's dependence on imported fossil fuels for electrical generation and ground transportation by 2045.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 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 bill provides that prior to the initiation of any activities authorized under this bill, the department of business, economic development, and tourism shall develop a plan of action with the intent of promoting effective prioritization and focusing of efforts consistent with the State's energy programs and objectives.

We suggest that the following be a requirement of the "Plan of Action:"

This plan of action must include, at a minimum, an economic analysis of the cost to business, consumers, and government in order to transition from imported fossil fuels for electrical generation and ground transportation by 2045. This economic analysis also include various specific incentives or subsidies required from government in order to accomplish this transition by 2045. Finally, the economic analysis should contain calculations on the number of years it will take for the State to realize an economic benefit from its investment in non-fossil fuel alternatives for electrical generation and ground transportation.

We believe that this economic analysis is specifically required for policy makers, and the public to assess the required upfront investment in non-fossil fuel alternatives to accomplish this mandate.

Thank you for the opportunity to testify.

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

DATE: March 14, 2016

TO: Senator Lorraine Inouye
Chair, Committee on Transportation and Energy

Submitted via TREtestimony@capitol.hawaii.gov

RE: **H.B. 2085, H.D.2 – Relating to Energy**
Hearing Date: Tuesday, March 15, 2016, 2:45 p.m.
Conference Room: 229

Dear Chair Inouye and Members of the Committee on Transportation and Energy,

On behalf of the Alliance of Automobile Manufacturers (“Alliance”), we submit these **comments** on H.B. 2085, H.D.2. The Alliance is a trade association of twelve car and light truck manufacturers including BMW Group, Fiat Chrysler Automobiles, Ford Motor Company, General Motors Company, Jaguar Land Rover, Mazda, Mercedes-Benz USA, Mitsubishi Motors, Porsche, Toyota, Volkswagen Group of North America, and Volvo.

Automobile manufacturers have invested billions in the research and development of alternative fuel vehicles, and respect efforts to reduce petroleum consumption in the transportation sector. However, we note that the penetration of alternative fuel vehicles simply cannot occur as fast as the bill contemplates. There will still be many gasoline-fueled vehicles driven in 2045, since any plug-in hybrid electric vehicle sold beyond 2045 would still require petroleum to run. Given that the national fleet average age of vehicles is currently 12 years, in order to meet the 2045 mandate, it would require that by 2033, at a minimum, all vehicles sold in Hawaii would have to be gasoline-free alternative fuel vehicles. California, which has the most rigorous standards in the country, does not contemplate that scenario occurring until 2050.

In 2015, the Department of Business, Economic Development and Tourism commissioned the International Council on Clean Transportation (ICCT) to analyze Hawaii’s transportation sector and work with stakeholders to develop actionable tactics to reduce petroleum consumption. The culmination of those efforts resulted in the Hawaii Clean Energy Initiative Transportation Energy Analysis report which recommended reasonable tactics to reduce fuel consumption in the ground transportation sector. As a participant to the working group meetings, the Alliance believes there should be more thorough consideration of the issues raised and the recommendations provided in the ICCT’s report before such ambitious fuel reduction goals, as provided for in this bill, are set in statute. Thank you for the opportunity to submit these comments.

Gary M. Slovin
Mihoko E. Ito
C. Mike Kido
Tiffany N. Yajima

999 Bishop Street, Suite 1400
Honolulu, HI 96813
(808) 539-0840



TO: SENATE COMMITTEE ON TRANSPORTATION AND ENERGY
Senator Lorraine R. Inouye, Chair
Senator Mike Gabbard, Vice Chair

FROM: Kimo Haynes
President of Hawaii Petroleum, Inc.

HEARING

DATE: Tuesday, February 15, 2016
TIME: 2:45 p.m.
PLACE: State Capitol, Conference Room 229

RE: Testimony on H.B. No. 2085 HD2 Relating to Energy

Chair Inouye, Vice Chair Gabbard, and Members of the Senate Committee on Transportation and Energy, I am Kimo Haynes, President of Hawaii Petroleum, Inc. ("HPI"). HPI is an independent petroleum marketer operating on the islands of Maui and Hawaii, and sells petroleum product to both wholesale and retail customers.

H.B. No. 2085 HD2 seeks to reduce and ultimately eliminate Hawaii's dependence on fossil fuels for electrical generation and ground transportation by 2045 by amending the Hawaii Clean Energy Initiative Program and State Planning Act to create specific goals and targets for the Department of Business, Economic Development & Tourism ("DBEDT") and the State Energy Office.

For the reasons set forth below, we recommend that H.B. 2085 HD2 be deferred.

We believe the purpose of H.B.2085 HD2 is misplaced by mandating into law specific goals and targets for DBEDT and the State Energy Office without the benefit of a study of the adverse impacts of such specific goals and targets to achieve one hundred percent renewable energy fueled ground transportation by year 2045. Instead, we support S.C.R. 144 and S.R. 106, which both require DBEDT and the Hawaii State Energy Office to conduct such a study to establish incremental goals and targets to achieve one hundred percent renewable energy fueled ground transportation by year 2045.

Thank you for the opportunity to testify in opposition to H.B. No. 2085 HD2.



TO: SENATE COMMITTEE ON TRANSPORTATION AND ENERGY
Senator Lorraine R. Inouye, Chair
Senator Mike Gabbard, Vice Chair

FROM: Richard Parry
President of Hawaii Petroleum Marketers Association

HEARING

DATE: Tuesday, March 15, 2016
TIME: 2:45 p.m.
PLACE: State Capitol, Conference Room 229

RE: Testimony on H.B. No. 2085 HD2 Relating to Energy

Chair Inouye, Vice Chair Gabbard, and Members of the Senate Committee on Transportation and Energy, I am Richard Parry, President of Hawaii Petroleum Marketers Association ("HPMA"). HPMA is a non-profit trade association comprised of members directly marketing petroleum products across the Hawaiian Islands. Our membership includes individuals or companies who operate as either independent marketers, jobbers or distributors of petroleum products and who buy petroleum products at the wholesale level and sell or distribute such products to all classes of trades. HPMA's primary purpose is to protect and advance its members' legislative and regulatory interests in the Hawaiian Islands and Washington DC.

H.B. No. 2085 HD2 seeks to reduce and ultimately eliminate Hawaii's dependence on fossil fuels for electrical generation and ground transportation by 2045 by amending the Hawaii Clean Energy Initiative Program and State Planning Act to create specific goals and targets for the Department of Business, Economic Development & Tourism ("DBEDT") and the Hawaii State Energy Office.

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Thank you for the opportunity to testify in opposition to H.B. No. 2085 HD2.



Board of Directors

Richard Rowland
Chairman and Founder

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Gilbert Collins

Robert W. "Bill" Hastings II

Robin Tijoe

March 15, 2016
2:45 PM
Conference Room 229

To: Senate Committee on Transportation & Energy
Senator Lorraine R. Inouye, Chair
Senator Mike Gabbard, Vice Chair

From: Grassroot Institute of Hawaii
President Keli'i Akina, Ph.D.

RE: HB 2085 -- RELATING TO ENERGY
Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on HB 2085, which hopes to eliminate Hawaii's dependence on imported fossil fuels for electrical generation and ground transportation by 2045.

Though we recognize that this bill is vague in how the plan to reduce use of fossil fuels, we have grave concerns about the economic impact of this bill on the average Hawaii citizen as well as the state's small businesses.

First and foremost, we must strenuously oppose any proposal that could lead to the creation of a mandate for Hawaii's citizens to purchase certain vehicles that comply with the transition to a "clean energy economy." Though such language is not expressly part of the bill, it is difficult to see how the goal of zero fossil fuel-based cars, trucks, busses, or taxis is to be achieved without significant government intrusion in the marketplace.

In previous testimony, the Department of Business, Economic Development & Tourism estimated that in order to meet this goal, all vehicles sold in the state from 2028 onwards would have to be electric or hydrogen fuel-cell vehicles. Barring a complete revolution in vehicle design in the next ten years, this will not be possible without a mandate that severely restricts options for Hawaii consumers.

Even the California law upon which this proposal draws inspiration does not go so far. Moreover, the California model was found to levy a substantial cost on families and the economy as a whole. A 2009 study found that California’s package of climate change legislation could result in a total loss of (economic) output of \$182.65 billion annually with an estimated impact on small businesses of 1.1 million jobs.¹

Considering the many unanswered and unaddressed issues this plan raises, one thing is very clear: a extensive and independent study of the economic effects of such an initiative must be done before the state should contemplate sweeping action that could be deeply harmful to the economy and cost of living.

Thank you for the opportunity to submit our comments.

Sincerely,
Keli’i Akina, Ph.D.
President, Grassroot Institute of Hawaii

¹ Editorial. “California Issues Clown Car Mandate.” *Investor’s Business Daily*. (January 30, 2012) Available at: <http://www.investors.com/california-mandates-zero-emission-vehicle-use-webhed-california-issues-clown-car-mandate/>

Fumento, Michael. “California’s Jobs Terminator.” *Forbes*. (Sept. 15, 2010) Available at <http://www.forbes.com/sites/michaelfumento/2010/09/15/californias-jobs-terminator/#301a333240bb>



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www.biodiesel.com

March 14, 2015

**TESTIMONY ON HB 2085, RELATING TO ENERGY
SUPPORT**

Senator Lorraine Inouye, Chair
Committee: Transportation & Energy
Hearing March 15, 2016 at 2:45 pm, Conference Room 229

Chair Inouye, Vice-Chair Gabbard, and Members of the Committee,

Pacific Biodiesel Technologies (PBT) was originally created to solve a critical environmental problem at the Central Maui Landfill by recycling used cooking oil into renewable fuel. Since our first biofuel production in 1996, climate change issues have broadened the scope and mission of our company and we have become a global voice for the sustainable production of biodiesel to reduce greenhouse gases. We believe this is the reason we were recently included in the international list of the Top 100 People of the Bioeconomy. PBT strongly supports HB2085 as a necessary step to support local renewable energy companies and increase the production and use of energy systems that will significantly reduce our dependence on fossil fuels.

HB2085 sets a target of reducing the use of petroleum-based fuels for ground transportation to less than one million gallons annually by the year 2045. Pacific Biodiesel supports the reduction of fossil fuel use in all sectors of Hawaii's energy portfolio and believes this bill is necessary to move forward as quickly as possible with climate change solutions. Pacific Biodiesel also urges the committee to re-insert the interim petroleum reduction targets for 2025 (less than 400 million gallons), 2030 (less than 300 million), 2035 (less than 200 million), and 2040 (less than 100 million) that were in the original version of the bill. The targets in the original version of this bill will serve as a guide to the land use and transportation policies of state and county agencies and will send a powerful message to vehicle fleet owners, car dealers, and the general public that we as a state are moving away from petroleum-based ground transportation. This will lead to more rapid adoption of clean transportation technologies such as electric vehicles; fuel cell vehicles powered by hydrogen, and locally sourced biodiesel and biofuels.

With the passing of the 100% renewable portfolio standard last year, the state has shown its considerable commitment to moving Hawaii beyond fossil fuels. The reduction and elimination of imported fossil fuels will lead Hawaii to a stronger, more resilient economy and will ensure that Hawaii is doing its part to minimize the negative impacts of greenhouse gas induced climate change. Regarding the transportation fuel reduction requirements, both DBEDT and the HDOT have spent a tremendous amount of resources convening transportation stakeholders and analyzing strategies to reduce fossil fuel consumption in the transportation sector. These efforts will be supported by HB2085 and will emphasize the need to develop a framework with achievable goals supported by data and analysis.

Thank you for the opportunity to testify.

A handwritten signature in cursive script that reads "Jenna Long".

Jenna Long
Director of Operations
Pacific Biodiesel Technologies, LLC

Kaala Coleman

From: mailinglist@capitol.hawaii.gov
Sent: Sunday, March 13, 2016 9:36 PM
To: TRE Testimony
Cc: douglasperrine@yahoo.com
Subject: Submitted testimony for HB2085 on Mar 15, 2016 14:45PM

HB2085

Submitted on: 3/13/2016

Testimony for TRE on Mar 15, 2016 14:45PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Douglas Perrine	Individual	Support	No

Comments: The technology now exists to move from fossil fuels to renewable energy for ground transportation as well as electricity generation. All that is lacking is infrastructure and government support. Please pass this bill to help slow the devastating progression of climate change that is already killing our corals and threatens to drown our coasts within the next few decades.

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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Kaala Coleman

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 14, 2016 12:17 PM
To: TRE Testimony
Cc: tabraham08@gmail.com
Subject: *Submitted testimony for HB2085 on Mar 15, 2016 14:45PM*

HB2085

Submitted on: 3/14/2016

Testimony for TRE on Mar 15, 2016 14:45PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
Troy Abraham	Individual	Support	No

Comments:

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Kaala Coleman

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 14, 2016 12:37 PM
To: TRE Testimony
Cc: june.chee@kupuhawaii.org
Subject: Submitted testimony for HB2085 on Mar 15, 2016 14:45PM

HB2085

Submitted on: 3/14/2016

Testimony for TRE on Mar 15, 2016 14:45PM in Conference Room 229

Submitted By	Organization	Testifier Position	Present at Hearing
June Chee	Individual	Support	No

Comments: We cannot reach 100% renewable energy without striving to reduce the use of fossil fuels in ground transportation. Reducing the use of fossil fuels in transportation would increase the use of alternative modes of transportation such as biking, walking, and taking the bus, which are proven to lead to happier and healthier people. Let's make Hawaii a happy, healthy, and oil free community.

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