DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Tuesday, February 9, 2016
8:00 a.m.
State Capitol, Conference Room 325

in consideration of
HB 2085

RELATING TO ENERGY.

Chair Lee, Vice Chair Lowen, and Members of the Committee.

The Department of Business, Economic Development, and Tourism (DBEDT) respectfully offers comments on House Bill 2085, which aims to reduce Hawaii's dependence on imported fossil fuels for electrical generation and ground transportation by 2045 and creates goals and targets in Hawaii's Clean Energy Initiative (HCEI) and State Planning Act.

DBEDT is working on decarbonization of the transportation sector, which is consistent with the energy planning objective of the Act 38, 2015, amendment of HRS 226-18 (a) (2) to read "Increased energy security and self-sufficiency through the reduction and ultimate elimination of Hawaii's dependence on imported fuels for electrical generation and ground transportation."

Consistent with the objective of 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 reduce petroleum consumption in the transportation sector, analyzed 38 tactics, and recommended 22 tactics that could potentially provide 72 million gallons a year reduction in fossil fuel consumption by 2030. While these tactics are not all encompassing, they did identify the means by which petroleum consumption could be reduced based on economically feasible actions today. They also provided a framework by which tactic analysis could be updated and new tactics introduced.

DBEDT has particular concerns that the transportation goals identified in HB 2085 lack a feasibility study needed to ultimately achieve a 99% reduction ("less than one million gallons by 2045") in annual sales of diesel oil and gasoline for use in ground transportation. While there are several ways to pursue clean energy in transportation, DBEDT suggests that key stakeholders jointly develop a revised roadmap, then provide the Legislature a suggested framework for transportation goals supported by data and analysis.

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

Hawaii Transportation Association
Driving Hawaii's Economy

February 9, 2016

TESTIMONY BEFORE THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION ON HB 2085 RELATING TO ENERGY

Thank you Chair Lee, Vice Chair Lowen and committee members. I am Gareth Sakakida, Managing Director of the Hawaii Transportation Association (HTA) with over 350 transportation related members throughout the state of Hawaii.

Hawaii Transportation Association has concerns regarding the mandated reduction of liquid fuel sales over time.

The reasonableness and achievability of such goals are linked to technological advances, manufacturing adaptability, applicability to the real world, supply, and cost.

Over the decades our industry has had to endure experimental technologies that always resulted in higher cost and often resulted in reduced productivity and problems. All in the effort of manufacturers trying to meet mandates.

We are at the mercy of technologies manufacturers choose to pursue, and the return on investment they want to extract. We are at the mercy of unintended consequences like fuel systems (on board, and for refueling) that are extremely volatile, and which may require containment systems that are complicated and/or rob us of working load weights.

Vehicle cost will be the top concern. Local trucking and bus firms do not have the capital to turn over their fleets, so cost and technological timing are important. We will see a shortage of trucking service especially during the series of five year fuel sale reductions.

Cost impact personally owned vehicles as well. People definitely want to be environmentally conscious and drive hybrids or EVs, but the cost runs about $10,000 more than a gasoline fueled model making the option less feasible.

If the aforementioned linked features fail then fuel hoarding and fuel wars will transpire.

The bottom line is we believe the DBEDT should monitor all the impacts on personal and commercial ground transportation to measure the reasonableness of the goals as we go along. That impact should also be reported to the legislature on an annual basis.

Thank you.



HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

February 9, 2016, 8:00 A.M.

Room 325

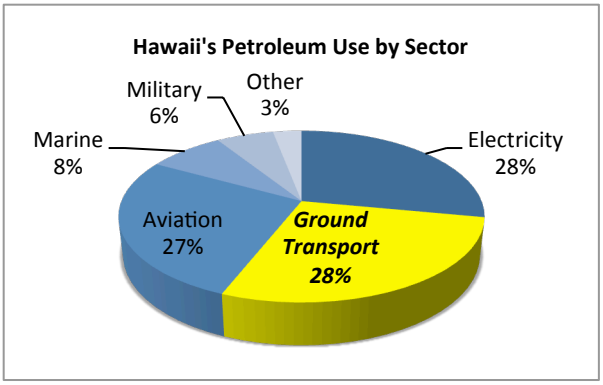
(Testimony is 3 pages long)

TESTIMONY IN SUPPORT OF HB 2085

Aloha Chair Lee, Vice Chair Lowen and members of the Committee:

Blue Planet Foundation strongly supports HB 2085, which 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.

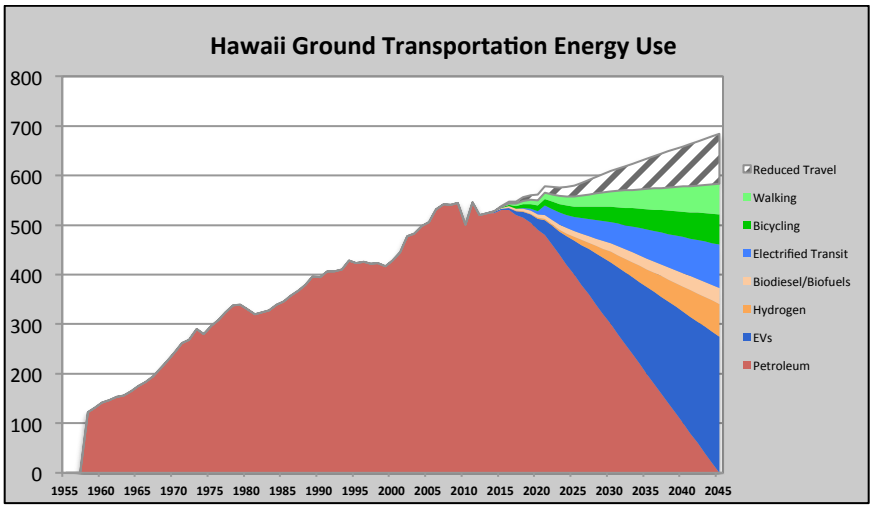
With the passing of the 100% renewable portfolio standard last year, the state has shown its considerable commitment to moving Hawaii beyond fossil fuels. The reduction and elimination of imported fossil fuels will lead Hawaii to a stronger, more resilient economy and will ensure that Hawaii is doing its part to minimize the negative impacts of greenhouse gas induced climate change.



While are making considerable progress in the electricity sector, it is time to give ground transportation the attention it deserves. Ground transportation uses roughly the same amount of petroleum annually within the state as the electricity sector, roughly 28% of the total imported annually.

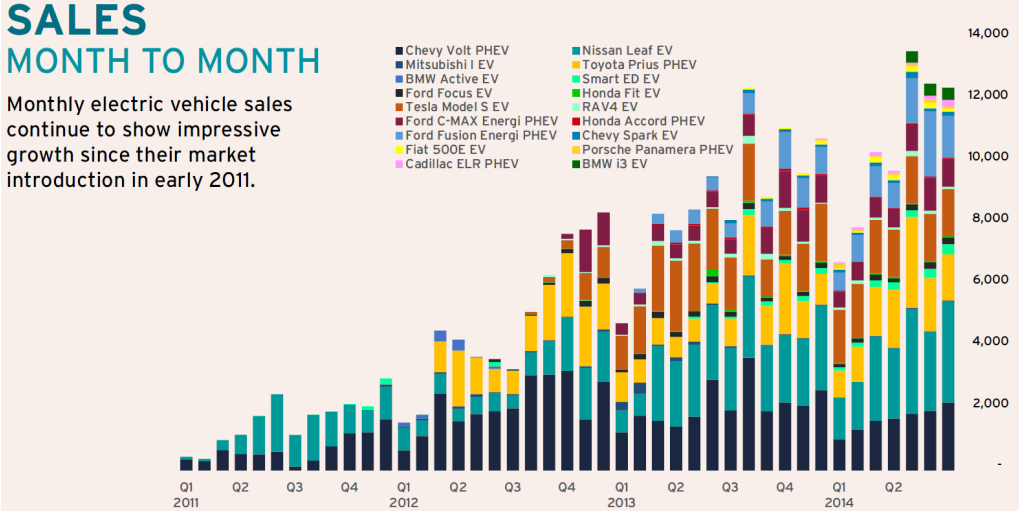
The fuel reduction targets in this bill will serve as a guide to the land use and transportation policies of state and county agencies and will send a powerful message to vehicle fleet owners, car dealers, and the general public that we are moving away from petroleum-based ground transportation. This 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.

Blue Planet Foundation believes that the targets outlined in the bill are achievable through a combination of better land use policies that reduce travel demand and encourage more walking and biking, the increased availability and quality of public transportation, and the transitioning of the vehicles in the state to being powered by electricity, hydrogen and locally sourced biodiesel and biofuels.

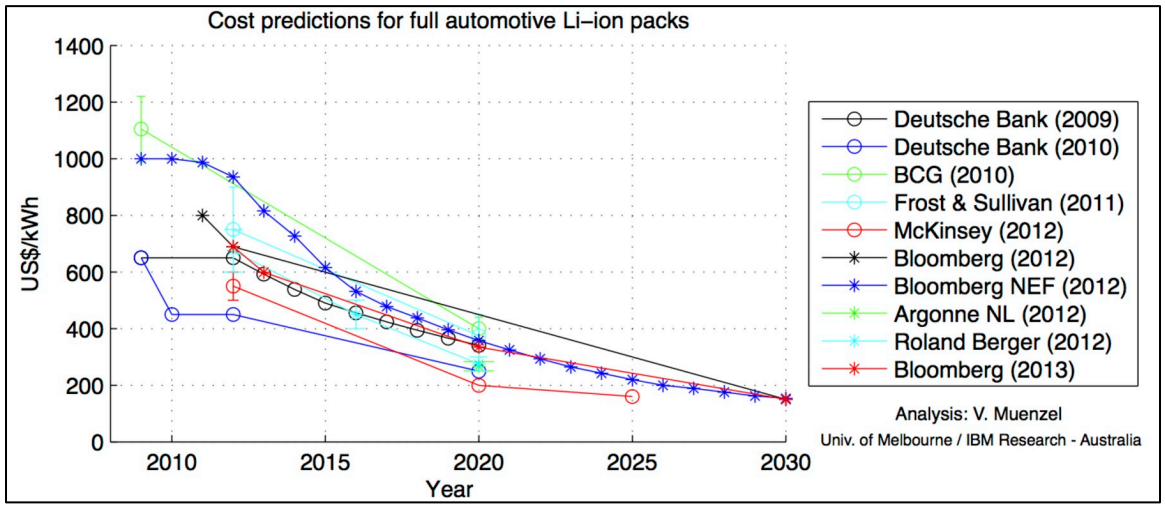


Hawaii is well suited for the large-scale adoption of electric vehicles because electric batteries perform well in our year-round warm climate and since our island geography restricts the distances we need to drive, range anxiety is less of an issue than in other locations. Hawaii is in the top three states by proportion of registered vehicles that are electric and we have the highest ratio of electric charging stations to population of any state.

Five years ago this quarter, the first moderately priced commercially available electric vehicles went on sale to the public in the Nissan Leaf and Chevy Volt. Since that time the number of electric vehicle models available for purchase in Hawaii has grown to more than 20.



The cost of electric vehicles is decreasing driven largely by the increasing scale of production and falling cost of producing batteries. As the price of batteries and electric vehicles continues to decrease, as charging infrastructure expands, and as the public becomes increasingly familiar with the technology; the adoption of electric vehicles should become widespread.



The ground transportation sector is in some respects easier to transition away from fossil fuels than the electricity sector. As we get closer and closer to 100% clean electricity, it is expected to become increasingly difficult because of the issue of providing a stable base load.

Ground transportation does not face a base load type of problem. The difficult part of clean ground transportation is getting started, when there is little infrastructure and little awareness about electric vehicles, hydrogen or alternative fuels. As we get closer and closer to eliminating petroleum from the ground transportation sector, it should actually get easier. As infrastructure increases and as people see more of these vehicles on the roadways and become more aware of them, it should become easier to make further gains in clean transportation.

As we move closer to 100% renewable electricity, there is expected to be significant need for curtailment, peak shaving and energy storage. Having a large fleet of electric and hydrogen powered vehicles will be a tremendous asset to the electricity sector as it will allow for the capture and storage of energy during times of excess renewable energy production.

Thank you for this opportunity to testify.

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

DATE: February 8, 2016

TO: Representative Chris Lee
Chair, Committee on Energy and Environmental Protection

Submitted via EEPtestimony@capitol.hawaii.gov

RE: **H.B. 2085 – Relating to Energy**
Hearing Date: Tuesday, February 9, 2016, 8:00 a.m.
Conference Room: 325

Dear Chair Lee and Members of the Committee on Energy and Environmental Protection,

On behalf of the Alliance of Automobile Manufacturers ("Alliance"), we submit these comments in **opposition** to H.B. 2085. 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 of dollars in the research and development of cleaner transportation technology and are very supportive of efforts to increase the availability of these vehicles in the consumer market. However, mandating the reduction of fossil fuel consumption in the transportation sector could have far reaching repercussions that result in unintended consequences. H.B. 2085 would effectively eliminate the sale of all gasoline and diesel by 2045, thereby requiring that all gasoline- and diesel-powered vehicles (i.e., cars, SUVs, minivans, pickup trucks, buses, garbage trucks, delivery trucks, freight trucks, construction equipment, agricultural equipment, etc.) be eliminated in Hawaii by 2045. No state has ever proposed a goal as aggressive as this.

For example, 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 <u>new</u> vehicles sold in the state in 2050 are plug-in hybrid electric vehicles, battery electric vehicles, or hydrogen fuel cell vehicles. This goal is seen as attainable by 2050, <u>five years after</u> the 2045 date set out in H.B.

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

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

2085. Even if ARB's projection is met, millions of gasoline and diesel vehicles would still be on the road in 2050, since any plug-in hybrid electric vehicle sold in 2050 and beyond would still require gasoline or diesel to run. In Hawaii, a fuel shortage would cause the price of gasoline and diesel that is available to skyrocket, hurting local consumers who already pay the highest prices on gasoline in the nation. In the heavy duty market, gasoline and diesel shortages would effectively shut down construction, agricultural production, materials handling for retail operations, and tourist operations.

While electricity prices are increasing, vehicles are becoming more efficient. Current Federal regulations require manufacturers to meet fleet average fuel economy standards of about 54 miles per gallon by 2025, with smaller gasoline vehicles being far more efficient than the 54 mpg fleet average.

For the foregoing reasons, we respectfully urge this Committee to defer H.B. 2085. Thank you for the opportunity to submit testimony on this measure.

Hawaii Automobile Dealers' Association

Bill van den Hurk, President
Dave Rolf, Executive Director

HADA Testimony
providing COMMENTS
on HB 2085

RELATING TO ENERGY
Presented to the House Committee on Energy & Environmental Protection
at the public hearing 8 a.m. February 9, 2016
in conference room 325, Hawaii State Capitol

Chair Lee, Vice Chair Lowen, and members of the committee:

The Hawaii Automobile Dealers Association, on behalf of the 68 new-car and truck dealers in the State of Hawaii, who employ 4,215 men and women across the state and who account for almost 15% of the state's retail economy, respectfully submits testimony with COMMENTS on HB 2085, Relating to Energy

The bill seeks to update Hawaii's clean energy and state planning act to eliminate Hawaii's dependence on imported fossil fuels in the ground transportation sector by setting a target to reduce sales of diesel and gasoline used in ground transportation to less than one million gallons by 2045.

The bill also seeks to modify the current Hawaii Clean Energy Initiative goals in the ground transportation sector by setting a new interim goal which nearly doubles the anticipated amount of fossil fuel usage in the sector by 2030—from the current goal of 150 million gallons of annual use under the current HCEI, to 300 million gallons, and creates a new goal-- of approximately 2/10ths of 1 per cent of current usage levels-- by 2045 (1 million gallons annual usage). Please see our final note on the 300-million gallon figure.

BACKGROUND

When the HCEI goals were first proposed in 2008, HADA dealers were asked to provide input.

At the time, there was a national debate going on with regard to the viability of government mandates on the public and businesses relating to regulation-forced adoption of fuel-efficient and renewable fuel vehicles, compared to a more market-based approach for adoption, which was favored by auto dealers, the auto manufacturing industry and likely also was the preference of the general driving public.

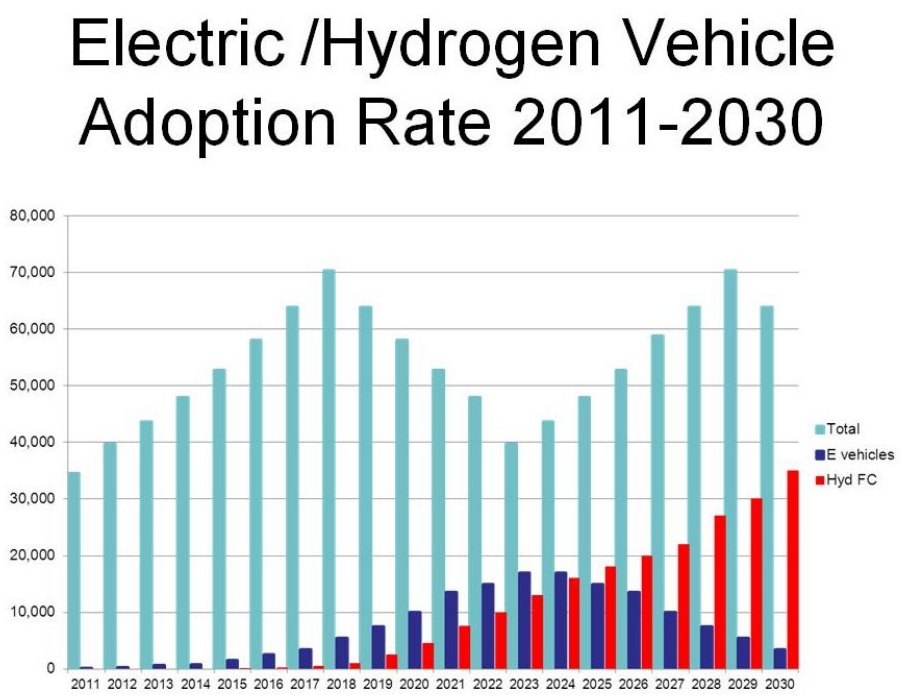
Some states, like California, adopted zero emission vehicle mandates, but failed continually to meet them. The availability of renewable fuel vehicles and the public uptake of these vehicles in the mainland U.S. was best summed in the following statement:

> ***"In terms of what would be out there three years in advance, we've been wrong every time."***
>
> --Jerry Martin, a California Air Resources Board spokesperson

California zero emission vehicle mandates, were:

--first issued in 1990
--reissued in 1996
--reissued in 1998
--reissued in 2000
--reissued in 2001
--reissued in 2003
--reissued in 2008

The poor track record has of correctly anticipating renewable fuel vehicle uptake was not embraced here. Hawaii auto dealers, using a market-based predictive model—and making the considerable investment in renewable fuel vehicles **even though such renewable fuel vehicles were generally not as profitable as petroleum-powered vehicles**, **and, in some cases were not profitable at all in comparison to petroleum-powered vehicles**—were able to correctly predict renewable fuel vehicle uptake in the early years of the HCEI. The chart below, produced by HADA, showed what level of uptake would be "NEEDED" to meet the goals of the Hawaii Clean Energy Initiative.



The HADA prediction of uptake of these renewable fuel vehicles was surprisingly accurate through 2015. HADA dealers pointed out however, that a $3 million "education of the public" media campaign would be needed to sustain adoption after that time.

HADA dealers noted that predicting 400,000 renewable fuel vehicles among the approximately 1,000,000 light vehicle private transportation mix on the roadways (40% renewable) was laudable but unlikely, and that 40,000 renewable fuel vehicles --one tenth of the HCEI goal set for 2030—was MORE LIKELY.

Dealers also pointed out that the even a 40,000-vehicle anticipated uptake level of renewable fuel vehicles by 2030, could likely only be achieved with the addition of a large $3 million education of the public media campaign –similar to the media campaign, we learned, which was produced for the successful CFL-bulb-adoption campaign several years ago that featured former news anchor Jade Moon as spokesperson. Funds for this media campaign were generated by the small fee dedicated to the conservation of energy—which is included in all monthly residential and commercial electric bills.

HADA dealers have ardently pursued the goals of the current Hawaii Clean Energy Initiative. HADA dealers have:

--voted unanimously in an August 2008 HADA board meeting to support the goals of the Hawaii Clean Energy Initiative,

--provided an electric vehicle (use for a year) to the Hawaii State Teacher of the Year program to use an award given to the State Teacher of the Year,

-- made the considerable expense of ordering electric vehicle tools, training, charging stations, and the vehicles themselves --which few people realize, are purchased by dealers, not on consignment from automakers--,

-- featured electric vehicles and most recently a hydrogen fuel cell electric vehicle, in promotional materials for the annual First Hawaiian International Auto Show

-- Note: a HADA dealer most recently has made the considerable expense of dealership training, tools, parts inventory, vehicle inventory, and dealership hydrogen fueling infrastructure, to bring in the first hydrogen fuel cell electric vehicle to be offered to the general public,

For HADA dealers, it is a privilege to be part of helping the driving public embrace renewable fuel vehicles.

HADA dealers also consider it a privilege to be working alongside the many legislators, other public policy makers, government officials , renewable fuel vehicle early adopters and the many non-profit organizations who are all working on sustainability for our island economy and our island environment.

HADA dealers have encouraged legislation which provides incentives like HOV-lane use by electric vehicles and hydrogen fuel cell electric vehicles with single occupancy, and other incentives, like free public parking, during the early stages of the community's adoption of these vehicles.

HADA dealers have encouraged use of the state's barrel tax ($1.05 / barrel) for its intended purpose—which includes fostering the development of renewable energy—so as to meet the goals of the Hawaii Clean Energy Initiative.

On a final note: HADA notes that the proposed goal of Hawaii reducing petroleum usage down to a 300-million gallon petroleum annual usage level by 2030, can be nearly met by implementation of the national Corporate Average Fuel Economy (CAFE standards) for light vehicles, which is projected to reduce petroleum fuel usage by 184 million gallons annually by 2030, just from the fuel-efficiency improvements made under the standards. HADA, by the way, played a key role in setting those standards, when we worked with Senator Daniel Inouye's office back in 2008. Some rail officials in Hawaii project that the Honolulu rail will reduce some 19 million gallons annual light vehicle petroleum usage. While we feel that this 19 million gallon figure may be inflated to some degree, nevertheless, even a number projecting half that amount in fossil fuel reduction from the rail, added to the 185 million gallons would bring the total reduced to nearly 200 million gallons of fossil fuel….which, along with some of the recommendations from the HCEI Road Map Transportation Energy Analysis conducted this past year through DBEDT, would bring Hawaii's current 500 million gallon fossil fuel usage in this sector, down to around 300 million gallons in 2030, matching the proposed new goal in this bill.

To reach the 2030-2045 goals proposed in this bill, renewable fuel vehicles would likely need to play a large role in Hawaii.

HADA dealers appreciate the intent of this legislation and thank you for the opportunity to testify with COMMENTS on H.B. 2085.

Respectfully submitted,
David H. Rolf
Hawaii Automobile Dealers Association
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Cel: 808 223-6015
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TO: HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Representative Chris Lee, Chair
Representative Nicole E. Lowen, Vice Chair

FROM: Richard Parry
President of Hawaii Petroleum Marketers Association

HEARING
DATE: Tuesday, February 9, 2016
TIME: 8:00 a.m.
PLACE: State Capitol, Conference Room 325

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

Chair Lee, Vice Chair Lowen, and Members of the House Committee on Energy & Environmental Protection, 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 sells or distributes 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 seeks to amend Hawaii's Clean Energy Initiative Program to eliminate Hawaii's dependence on imported fossil fuels for electrical generation and ground transportation by setting a target to completely eliminate the use of imported fossil fuels for electrical generation by 2045 and to reduce sales of diesel and gasoline for use in ground transportation to less than one million gallons by 2045.

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

In 2010, this Legislature enacted the Hawaii Clean Energy Initiative Program and tasked the Department of Business, Economic Development & Tourism ("DBEDT") with managing the state's transition to a clean energy economy and reporting each year to the Legislature the status and progress of new and existing clean energy initiatives. H.B. 2085 places the Hawaii Renewable Portfolio Standard and the license tax section for motor fuels into the Clean Energy Initiative Program, while reducing the number of gallons of motor fuel subject to taxation.

Testimony of
Hawaii Petroleum Marketers Association

H.B. No. 2085
Hearing Date:
Tuesday, February 9, 2016

We believe this amendment, while well intended, is poorly conceived. Under the Hawaii Renewable Portfolio Standard, the state Public Utilities Commission ("PUC") is tasked with regulating the utilities that generate electricity and reducing the electric utilities' reliance on imported fossil fuels. Having two agencies responsible for the same objectives could result in conflicts and second-guessing, and ultimately poor implementation of the Hawaii Clean Energy Initiative Program.

We also believe that electrical generation and ground transportation are very different industries with different demands and technology. While the clean energy initiative may work for electrical generation and regulated utilities, it simply does not work for ground transportation. The PUC does not regulate the fuels for ground transportation. In light of the state's repeal of the ethanol mandate last year, and the existing technology for powering ground transportation, the targets set under this bill are simply not economically achievable, and should be carved out of this bill.

In addition, this bill does not address the question of how the state will implement rationing the sale of motor fuels in the future if statutory volume "limits" are higher than ground transportation fuel demand. For example, how will the state determine the volumes of motor fuels that each island will be eligible to sell (i.e., the island of Hawaii has fewer people residing there than on Oahu, however, comprises a much larger land area with higher transportation needs per capita)? How will the state determine how much motor fuel is allocated to each individual and business in the state? And how will the state determine who is allowed to sell motor fuel in the state, and how much motor fuel each company is allowed to sell?

Although it was many years ago, some of us remember the negative impact that rationing had on the national economy due to the oil embargo in the 1970's. Trying to impose artificial limits on consumer demand for motor fuels in Hawaii will have adverse unintended consequences. For these reasons, we recommend that the section on ground transportation be deleted entirely from H.B. 2085.

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

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 08, 2016 3:52 PM
To: EEPtestimony
Cc: dylanarm@hawaii.edu
Subject: *Submitted testimony for HB2085 on Feb 9

LATE

HB2085
Submitted on: 2/8/2016
Testimony for EEP on Feb 9, 2016 08:00AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Dylan Armstrong	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.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

Sierra Club of Hawai'i

MĀLAMA I KA HONUA. *Cherish the Earth.*

House Committee on Energy and Environmental Protection

Tuesday February 9, 2016 8AM Room 325

In Support HB2085 Relating to Energy

LATE

Aloha Chairman Lee and members of the House EEP Committee,

On behalf of our 12,000 members and supporters, the Sierra Club of Hawai'i **strongly supports** HB085 to reduce Hawaii's dependence on imported fossil fuels for electrical generation and ground transportation by 2045 and creates goals and targets in Hawaii's Clean Energy Initiative and State Planning Act.

Hawaii has already chosen the path towards a 100% clean energy future. It will mean cheaper, more reliable, less damaging energy sources for everyone in the near future. This bill is the logical next step in implementing the commitment we have already made.

Thank you for the opportunity to testify on this measure.

Mahalo,

Martha Townsend
Director

PO Box 2577, Honolulu, Hawai'i 96803 | 808-538-6616 | Hawaii.Chapter@sierraclub.org | SierraClubHawaii.org

Par Hawaii, Inc.
1132 Bishop Street, Suite 2500
Honolulu, Hawaii 96813

February 9, 2016

TESTIMONY IN OPPOSITION TO HOUSE BILL 2085, RELATING TO ENERGY

House Committee on Energy & Environmental Protection
The Honorable Chris Lee, Chair
The Honorable Nicole Lowen, Vice Chair
Tuesday, February 9, 2016 – 8:00 a.m.
State Capitol, Room 325

Chair Lee, Vice Chair Lowen and members of the Committee,

Thank you for providing the opportunity to testify on House Bill 2085, Relating to Energy. My name is Lance Tanaka, director of government and public affairs for Par Hawaii. Par Hawaii, Inc., formerly Mid Pac Petroleum, and Par Hawaii Refining, LLC, formerly Hawaii Independent Energy, are subsidiaries of Texas-based Par Pacific Holdings, Inc., formerly known as Par Petroleum Corporation.

Par Hawaii opposes H.B. 2085.

The purpose of this bill is to establish, as a policy of this state, an aspirational goal for reducing the use of petroleum-based fuels in both electrical generation and ground transportation use. By adding a new section (b) to §196-10.5, HRS (Hawaii clean energy initiative program), H.B. 2085 seeks the reduction and ultimate elimination of Hawaii's dependence on imported fossil fuels for electrical generation and ground transportation by 2045 as a means to increase energy security and energy self-sufficiency. Initiatives one through seven that already exist in statute in section (a) of §196-10.5 are intended to help in achieving these reductions.

Par Hawaii and its predecessors have long opposed fuel mandates due to the unintended consequences that are likely to result, as we experienced with Hawaii's pricing cap on wholesale gasoline and the recently repealed ethanol blending mandate. Apart from setting arbitrary milestones for reducing gasoline and diesel sales in five-year increments and an aspirational deadline of 2045 by which the state shall attain reduced annual sales of diesel oil and gasoline for use in ground transportation, this bill offers no firm alternatives that will supplant fossil fuels. Nor does H.B. 2085 provide for any consequences should annual sales of gasoline and diesel fail to meet the prescribed milestones.

Setting artificial targets for reducing fossil fuel use in both electrical generation and ground transportation use will definitely have an impact on Hawaii's near-term, as well as future, energy security.

- Operators of Hawaii's two oil refineries could potentially cease on-island refining operations long before 2045 due to the uncertain and arbitrary requirements that will severely affect their production slates.
- Hawaii is likely to become a terminal destination for undetermined suppliers who are intent on making a profit off of every cargo they deliver to the Islands. Unlike the refining organizations, there is no compelling reason for importers to optimize the production and distribution of products for on-island use.
- Unlike Hawaii's fueling industry that is an integral part of the Island economy, there will be less general excise, property, use, fuel, corporate, and payroll taxes from importers to contribute to the State's coffers.
- And, unlike Hawaii's fueling industry that values social responsibility, there will be far less investing in the local community, schools and the environment from importers who have little vested in the Islands.

Furthermore, the concept of setting arbitrary milestones to reduce annual fossil fuel sales – in essence, disrupting the free enterprise system in order to bring about a specific outcome – is anti-competitive. Renewable fuels, including liquefied natural gas and other fuels that are intent on displacing traditional fossil fuels, should also be held to these milestones in bringing reliable, affordable and available fuels to market.

Therefore, we respectfully request that you hold this measure. Thank you for allowing Par Hawaii the opportunity to present this testimony in opposition to House Bill 2085.

Lance N. Tanaka
Director, Government & Public Affairs
Par Hawaii