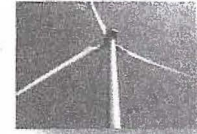


SB 3044

RELATING TO ENERGY

LATE TESTIMONY



LATE

**SENATE COMMITTEES ON TRANSPORTATION & ENERGY AND ECONOMIC
DEVELOPMENT, ENVIRONMENT, & TECHNOLOGY**

February 16, 2016, 2:45 P.M.

Room 229

(Testimony is 3 pages long)

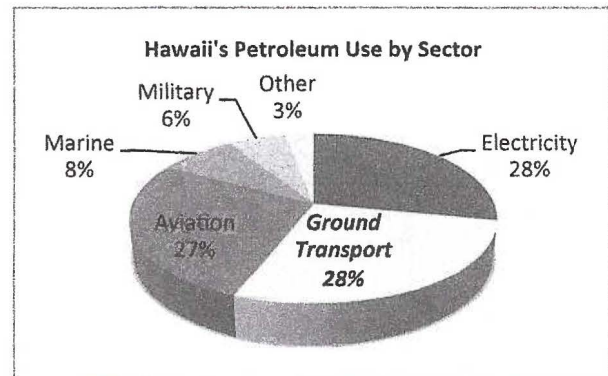
TESTIMONY IN SUPPORT OF SB 3044

Aloha Chairs Inouye and Wakai, Vice Chairs Gabbard and Slom, and members of the Committees:

Blue Planet Foundation strongly supports SB 3044, 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.

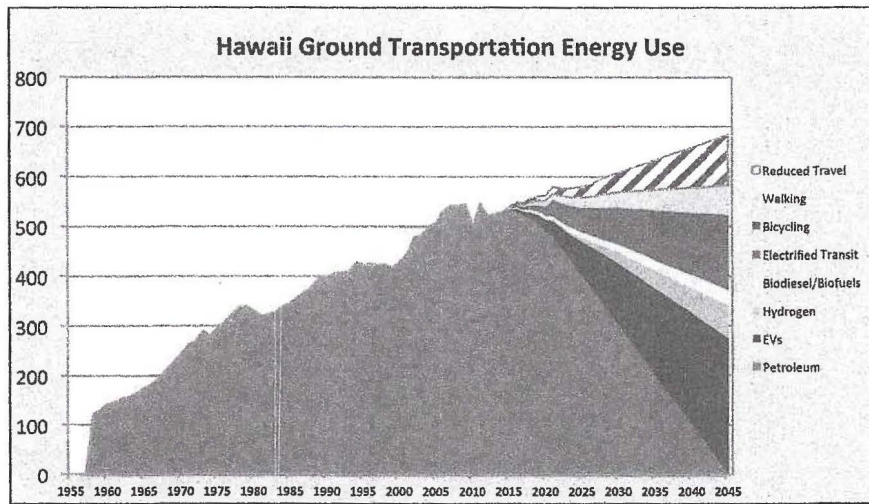
With the passing of the 100% renewable portfolio standard last year, the state has shown its considerable commitment to moving Hawaii beyond fossil fuels. The reduction and elimination of imported fossil fuels will lead Hawaii to a stronger, more resilient economy and will ensure that Hawaii is doing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

While we 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.

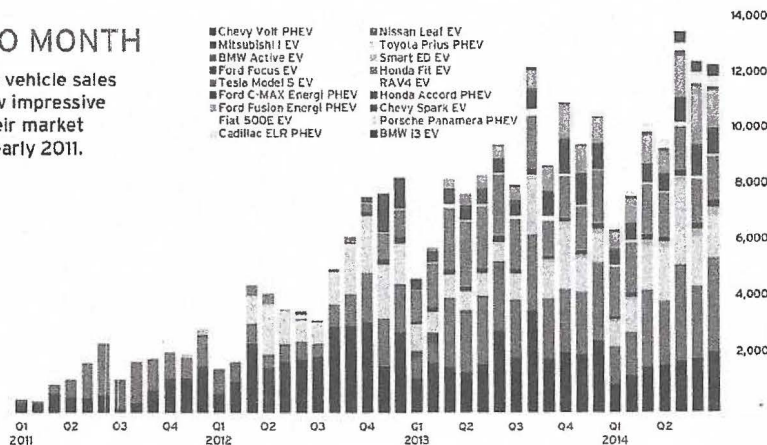


Hawaii is well suited for the large-scale adoption of electric vehicles because electric batteries perform well in our year-round warm climate and since our island geography restricts the distances we need to drive, range anxiety is less of an issue than in other locations. Hawaii is in the top three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

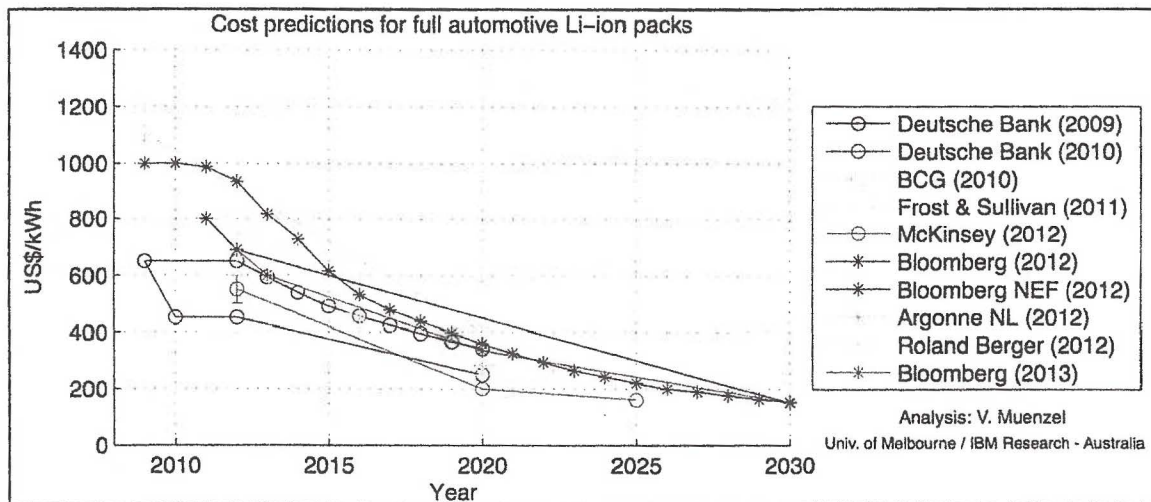
Five years ago this quarter, the first moderately priced commercially available electric vehicles went on sale to the public in the Nissan Leaf and Chevy Volt. Since that time the number of electric vehicle models available for purchase in Hawaii has grown to more than 20.

SALES MONTH TO MONTH

Monthly electric vehicle sales continue to show impressive growth since their market introduction in early 2011.



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.



LATE

Bill van den Hurk, President
Dawa Rolf, Executive Director

**HADA Testimony
providing COMMENTS
on SB 3044**

RELATING TO ENERGY

Presented to the Senate Committee on Transportation and Energy and the Senate Committee on Economic Development, Environment, and Technology at the public hearing 2:45 p.m. , Tuesday, February 16, 2016 in conference room 229, Hawaii State Capitol

Chairs Inouye and Wakai, Vice Chairs Gabbard and Slom, and members of the committees:

The Hawaii Automobile Dealers Association, on behalf of the 68 franchised new-car 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 SB 3044, 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.”

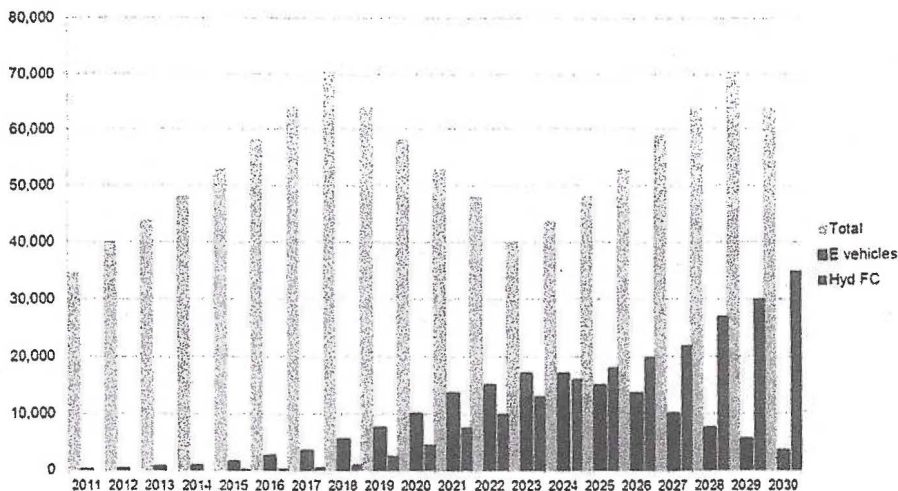
--Jerry Martin, a California Air Resources Board spokesperson

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.

Electric /Hydrogen Vehicle Adoption Rate 2011-2030



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,

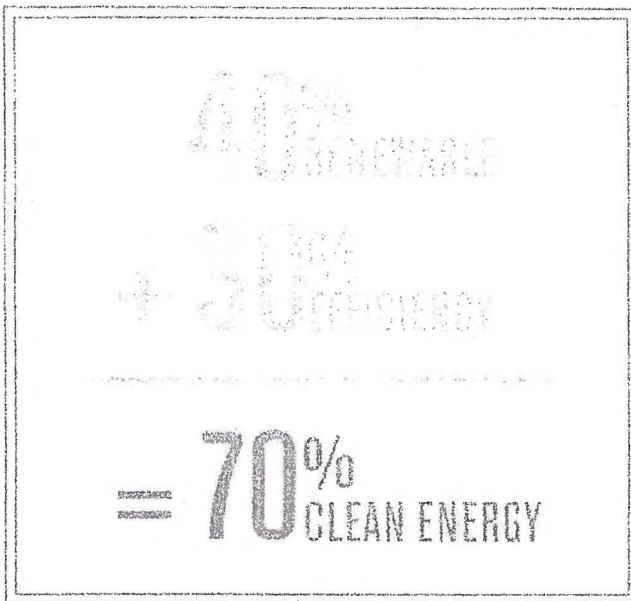
For HADA dealers, it is a privilege to be part of helping the driving public embrace renewable fuel vehicles.

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 184 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 S. B. 3044

Respectfully submitted,
David H. Rolf
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