

HCR-241

Submitted on: 3/19/2018 8:47:07 AM

Testimony for EEP on 3/20/2018 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:

HCR-241

Submitted on: 3/18/2018 7:34:10 AM

Testimony for EEP on 3/20/2018 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Henry Curtis	Life of the Land	Support	No

Comments:



Testimony to the House Committee on Energy and Environmental Protection

Tuesday, March 20, 2018 9:00 a.m.
Conference Room 325, State Capitol
RE: HCR 241

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

Hawaii Gas (HG) provides the following **comments** for HCR 241:

HCR 241 requests that the PUC, include in its annual report to the Governor, the following information about the fossil fuels that each gas and electric utility uses in the State:

- (1) Amount, type, and sources of fossil fuels imported; and
- (2) Amount of fossil fuels derived from hydraulic fracturing

Regarding the information requested in Item 1, HG provides the amount and type of fuels it uses to the PUC monthly, as required per Docket No. 2008-0081. There needs to be some clarification on what is meant by reporting sources of supply, as HG may not necessarily have this information due to how the fuels are procured.

Regarding the information requested in Item 2, HG does not have information with regards to how the products it procures are derived.

- a. The majority of HG's fuel source is Synthetic Natural Gas (SNG), which is created as a byproduct of the oil-refining process on-island. HG procures this byproduct from one of the local refineries and does not have access to data on where the oil is sourced or how it is derived. The U.S. Energy Information Administration (EIA) estimates that well over 50% of all mainland U.S. oil output is produced using hydraulic fracturing technology. In practical terms this means that jet fuel refined on the mainland U.S. but used in Hawaii could potentially come from 'fracked' sources; marine bunkers refined on the West Coast and transported on ships to Hawaii could be from 'fracked' sources; oil blend-stocks used by industrial plants in Hawaii could be from 'fracked sources'; specialty oils and petrochemicals could all be from 'fracked' sources; any domestic or Canadian crude used in the local refineries could be from 'fracked' sources; plastics used in Hawaii could be from 'fracked' sources, and so on. This is by no



means an issue that is just associated with the gas utility.

- b. HG is also procuring a limited amount of liquefied natural gas which is reported monthly to the PUC as part of the reporting mentioned in response to Item 1. This fuel is used a back-up fuel and to displace a portion of its oil-based SNG. It is wrong to presume that all liquefied natural gas is produced using hydraulic fracturing technology. In fact, there are many sources of natural gas that do not come from hydraulic fracturing, including gas from renewable sources such as wastewater treatment plants and landfills, as well as from wells using conventional production technologies. With respect to gas within the mainland U.S. and Canada, it is virtually impossible to differentiate between “fracked” and “unfracked” gasses, as the gas is comingled within the suppliers’ extensive gas pipeline networks, which includes gas from renewable sources. Therefore, there is no way to provide detailed accounting of the source of gas for this purpose.

It’s important to note that HG makes up only 2% of Hawaii’s energy mix. Even with the limited size of its business, HG continues to make an impact in reducing its own reliance on imported oil. With committed projects to date, HG expects to have reduced the equivalent of over 100,000 barrels per year of imported oil to the State once fully implemented. A key priority for HG continues to be diversification of its fuel supplies into clean and renewable fuels. Similarly, if cost-effective decarbonization for the State is the goal of policymakers, then focusing resources in a coordinated effort on that goal should be a top priority, along with using analytics to develop a holistic energy plan for the State with the proper incentives for the energy sector to achieve those goals.

Thank you for the opportunity to testify on HCR 241.

HCR-241

Submitted on: 3/19/2018 2:22:16 PM

Testimony for EEP on 3/20/2018 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

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HCR-241

Submitted on: 3/19/2018 3:31:26 PM

Testimony for EEP on 3/20/2018 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Erica Scott	Individual	Support	No

Comments: