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SENATE COMMITTEE ON TRANSPORTATION & ENERGY
Wednesday, February 7, 2018 — 1:45 p.m. — Room 225

Ulupono Initiative Strongly Supports SB 2715, Relating to the Issuance of Special Purpose Revenue Bonds to Assist a Seawater Air Conditioning Project in Hawaii

Dear Chair Inouye, Vice Chair Espero, and Members of the Committee:

My name is Murray Clay and I am Managing Partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally produced food; increase affordable, clean, renewable energy; and better management of waste and fresh water. Ulupono believes that self-sufficiency is essential to our future prosperity and will help shape a future where economic progress and mission-focused impact can work hand in hand.

Ulupono strongly supports SB 2715, which extends the special purpose revenue bond authorization for Kaiuli Energy, LLC, because it aligns with our goal of increasing the production of clean, renewable energy in Hawai'i.

Ulupono supports Kaiuli's request for an extension because we believe seawater air conditioning (SWAC) technology is proven and will help replace the energy-intensive central refrigeration system of a traditional air conditioning system. Kaiuli is targeting hotels and other buildings in the Waikiki and Ala Moana areas that could benefit from SWAC, which will include substantial savings on electricity and water consumption, system replacement costs, and maintenance costs. This technology is known to provide substantial savings of energy and fresh water, both of which are critical to our economy and sustainability. In addition, it will also help the State move closer to its clean energy goals and support Hawai'i's vital tourism industry.

With State DAGS buildings signing on to participate with Honolulu Seawater Air Conditioning in the downtown Honolulu area over the last few months, there should be more optimism by State government for SWAC projects like Kaiuli for the Waikiki and Ala Moana areas.

As Hawai'i's energy issues become more complex and challenging, we appreciate this committee's efforts to look at policies that support renewable energy production.

Investing in a Sustainable Hawai'i



Thank you for this opportunity to testify.

Respectfully,

Murray Clay
Managing Partner



February 6, 2018

To: Honorable Lorraine R. Inouye
Honorable Wil Espero, Vice Chair
Committee on Transportation and Energy

Subject: Support for SB 2715– Relating to the issuance of Special purpose revenue bonds to assist a seawater air conditioning project in Hawaii

NOTICE OF HEARING

DATE: Wednesday, February 7, 2018
TIME: 1:45 pm
PLACE: Conference Room 225
State Capitol
415 South Beretania Street

Dear Chair Inouye and Vice Chair Espero,

I come to you in Strong Support of extending the authorization period for the approval and issuance of these Special Revenue Bonds to assist Kaiuli Energy, LLC with the development of seawater air conditioning projects (SWAC) in the State of Hawaii. Passage of this bill will extend the authorization period from July, 2018 to July 2023.

My name is Lance Wilhelm and I am the partner in charge of the development of the SWAC project in Waikiki, Kaiuli's cornerstone project. These revenue bonds are critical to financing the planning, design and construction of a SWAC, a district cooling facility and chilled water distribution system.

SWAC projects are not rocket science. They are basic infrastructure improvements that exist in many cities where the technology has been tested and expanded over the last two decades. The largest system in the world is in Toronto, fulfilling about 25% of that City's cooling requirements; it's over three times the size of our Waikiki system and it continues to grow. Kaiuli's has had the good fortune of interfacing with the Toronto system's original developers and tapping their know-how in the design of our system.



SWAC offers many benefits to Waikiki. Our initial plans call for a 25,000 ton system. At its peak it will substantially reduce Waikiki's carbon footprint by:

- Reducing fossil fuel consumption by up to 170,000 barrels of oil each year;
- Reducing electrical usage by up to 75,000,000 kWh each year;
- Reducing harmful emissions by up to 80,000 tons each year;
- Reducing sewer production by up to 110,000,000 gallons each year; and
- Reducing potable water usage by up to 250,000,000 gallons each year.

We have had very favorable discussions with every major hotel operator in Waikiki as they see both the opportunity to market Waikiki as a green visitor destination area and the opportunity to experience substantial financial savings. And we have also enjoyed favorable discussions with the utilities as the SWAC system will reduce the burden on their facilities and resources.

There is very little downside to extending this authorization period. No bonds will be sold or funds released until the State regulators are convinced that we are prepared to succeed and that we have assembled all the other necessary resources.

We are excited about the opportunity to develop a SWAC system here in Hawaii and appreciate your favorable consideration.

Mahalo,

A handwritten signature in black ink, appearing to read 'Lance Wilhelm', written over a light blue horizontal line.

Lance Wilhelm
Partner
Kaiuli Energy, LLC