



**STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE**

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WRITTEN ONLY

**TESTIMONY BY LAUREL A. JOHNSTON
ACTING DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE SENATE COMMITTEE ON TRANSPORTATION AND ENERGY
ON
SENATE BILL NO. 3001**

**February 14, 2018
1:25 p.m
Room 225**

RELATING TO ENERGY

Senate Bill No. 3001 establishes the Alternative Energy Research and Development (AERD) Pilot Program and AERD Revolving Fund (RF) (to be abolished on June 30, 2019); appropriates \$1,000,000 in general funds for FY 19 to be deposited into the AERDRF to provide grants pursuant to the Act; renames the Hawaii Technology Loan Revolving Fund (HTLRF) to the Hawaii Technology Loan and Grant Revolving Fund (HTLGRF) for FY 19 (will revert back to the HTLRF on June 30, 2019); and appropriates \$1,000,000 in general funds for FY 19 to be deposited into the HTLGRF to provide grants pursuant to the Act.

While the Department of Budget and Finance takes no position on providing grants to qualified businesses conducting research and development in alternative energy, as a matter of general policy, the department does not support the creation of any revolving fund which does not meet the requirements of Section 37-52.4, HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits

sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. In regards to Senate Bill No. 3001, it is difficult to determine whether the AERDRF would be self-sustaining.

Thank you for your consideration of our comments.



Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the Senate Committee on Transportation & Energy
Wednesday, February 14, 2018 at 1:25 P.M.
Conference Room 225, State Capitol**

RE: SENATE BILL 3001 RELATING TO ENERGY

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

The Chamber of Commerce Hawaii ("The Chamber") **supports** SB 3001, which establishes an Alternative Energy Research and Development Pilot Program and appropriates moneys for grants under the pilot program.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ 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 Chamber supports the State's efforts to promote and foster innovation research and development in alternative energy in Hawaii. The Chamber supports this legislation provided that it offers adequate funding and does not adversely impact HTDC's priorities in the Executive Budget.

Thank you for the opportunity to testify.

SB-3001

Submitted on: 2/10/2018 1:13:50 AM

Testimony for TRE on 2/14/2018 1:25:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
ann chung		Support	Yes

Comments:

Dear Chair Inouye and members of the TRE Committee:

Navatek **strongly supports** SB3001. Companies doing critical research in clean energy technologies are bringing in large numbers of federal funding to Hawaii and creating the high-skilled, high-paying jobs our workers need. This program supports and strengthens these efforts to further encourage high-impact, clean energy solutions not only proving that Hawaii is an ideal laboratory for the development of clean energy technologies but also creating economic growth and jobs.

We humbly request that the committee consider a 2-year program. (not just 1 year as currently drafted.)

Mahalo for the opportunity to testify.



Statement of
Duke Hartman, P.E.
Vice President, Business Development
Makai Ocean Engineering, Inc.
before the
COMMITTEE ON TRANSPORTATION AND ENERGY

Wednesday February 14th, 2018
1:25 p.m.
State Capitol, Conference Room 225
In consideration of
SB 3001
RELATING TO ENERGY

Chair Inouye,
Vice Chair Espero,
And members of the Committee on Transportation and Energy

Makai Ocean Engineering, Inc. **STRONGLY SUPPORTS SB 3001** that re-establishes the Alternative Energy Research and Development Pilot Program and appropriates funds for the Program.

Makai is a locally-owned and operated technology company based in Hawai`i for over 44 years. One of the driving reasons behind Makai's existence is to help Hawai`i achieve energy independence using clean, alternative and renewable resources.

Hawai`i is blessed with abundant natural resources such as wind, solar, geothermal, hydro, biofuels, and ocean energy. While wind and especially solar contributions to the energy portfolio are now commercial and have grown significantly, other options like ocean energy have the potential to significantly contribute to the supply of base load / firm / constant renewable power, but are worryingly underrepresented. These alternative options are at the same place solar and wind was 20 years ago, and require R&D to reach the same level of maturity and commercialization.

Makai is currently performing R&D and working towards commercialization of ocean thermal energy conversion (OTEC) and at the Natural Energy Laboratory of Hawai`i Authority (NELHA) in Kailua-Kona. Makai employs eight highly-paid, highly-skilled engineers and scientists in the high tech / renewable energy field in rural Kailua-Kona. This program has achieved a huge milestone of connecting to the grid, making Hawai`i the home of the world's largest operational OTEC plant, and the clear leader in the emerging market of ocean thermal energy. Plans are in the works for new developments to move this technology even further.

Governor David Ige was present to dedicate the power plant and 'flip the switch,' and in his keynote address he said, "One big difference with OTEC is that it is a firm power source; it



allows us to generate electricity consistently... and in the evening hours when other renewable sources are not available, which really is the key to a 100% renewable future.”

With the help of programs like this bill, Makai has been able to secure additional competitively awarded federal funding from the U.S. Navy, and bring home national honors, such as the Small Business Administration’s Tibbetts Award. This national award recognizes the very best in small innovative companies in the country whose technologies have made a strong economic impact in terms of high paying jobs, and demonstrating success in actually commercializing federal R&D and increasing taxable revenue for the state.

This is why we **STRONGLY SUPPORT HB 2075**. Not only would this program develop alternative energy technology for our 100% renewable future, it would enable our tech industry to compete and win more federal funds for technology development and support high-paying, highly-skilled professional jobs for our keiki here at home.

Thank you for the opportunity to offer these comments.



Written Statement of
Robbie Melton
Executive Director & CEO
Hawaii Technology Development Corporation
before the
Senate Committee on Transportation and Energy
Wednesday, February 14, 2018
1:25 p.m.
State Capitol, Conference Room 225

In consideration of
SB3001
RELATING TO ENERGY

Chair Inouye, Vice Chair Espero, and Members of the Committee on Transportation and Energy.

The Hawaii Technology Development Corporation (HTDC) **supports with comments** SB3001 that establishes an Alternative Energy Research and Development Pilot Program and appropriates moneys for grants under the pilot program.

As part of HTDC's vision to create 80,000 new innovation jobs in Hawaii earning \$80,000 or more by 2030, HTDC supports initiatives aimed at promoting technology and innovation jobs. The measure reestablishes the matching grant program originally created under Act 159, Session Laws of Hawaii 2015.

In FY17 HTDC awarded \$950,000 to 3 companies who secured \$10.2 million in federal contracts and projected 45 new jobs. HTDC believes the program supports the growth of companies with innovative renewable energy technologies in the State and moves Hawaii closer to its clean energy goal of 100 percent renewable energy by 2045.

HTDC comments that we prefer the program be extended for 2-years as outlined in HB2075, HD1. HTDC requests clarification on Part III of SB3001 which amends HRS206M-15.6 to include grants to be expended for the same purpose as Section 4.

We support this initiative as long as it does not replace our priorities requested in the Executive Budget. Thank you for the opportunity to offer these comments.

SB-3001

Submitted on: 2/13/2018 11:35:52 AM

Testimony for TRE on 2/14/2018 1:25:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Keslie Hui	Individual	Support	No

Comments:

SB-3001

Submitted on: 2/13/2018 7:12:19 AM

Testimony for TRE on 2/14/2018 1:25:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Leah Ablen	Individual	Support	No

Comments:

1. This bill supports the technology industry in Hawaii, which is sorely needed to diversify our economy, create high-paying jobs for our keiki, and reverse the brain drain. For these reasons I STRONGLY SUPPORT this bill.

SB-3001

Submitted on: 2/10/2018 8:48:04 AM

Testimony for TRE on 2/14/2018 1:25:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kacey Lock		Support	No

Comments:

SB-3001

Submitted on: 2/9/2018 7:35:02 PM

Testimony for TRE on 2/14/2018 1:25:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Margaret Maupin		Support	No

Comments:

SB-3001

Submitted on: 2/10/2018 10:34:18 AM

Testimony for TRE on 2/14/2018 1:25:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Gary Shimosono		Support	No

Comments:

SB-3001

Submitted on: 2/12/2018 11:55:48 AM

Testimony for TRE on 2/14/2018 1:25:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Audra White	Individual	Support	No

Comments:

I strongly support SB3001.