



Honolulu Seawater Air Conditioning, LLC
1132 Bishop Street, Suite 1410
Honolulu, Hawaii 96813

Tel 808.531.7922
Fax 808.531.7923
www.honoluluswac.com

Testimony on

S.B. 1002, SD1

**RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST SEAWATER AIR
CONDITIONING PROJECTS ON OAHU**

Before the
State House

COMMITTEE ON FINANCE

Thursday, April 4, 2019

By

Eric Masutomi, CEO and President
Honolulu Seawater Air Conditioning, LLC

Chair Luke, Vice Chair Cullen and Members of the Committee:

Honolulu Seawater Air Conditioning (HSWAC) encourages your approval of S.B. 1002, SD1 which extends the authorization to issue \$77 million in special purpose revenue bonds (SPRBs) for Honolulu Seawater Air Conditioning, LLC for the construction of a seawater air conditioning district cooling system on Oahu.

HSWAC appreciates the prior support that the Hawaii State Legislature has provided for this initiative, including the authorization of a total of \$145M in SPRBs for the HSWAC project. \$77 million of the total were authorized by the Legislature in 2014 and will expire June 28, 2019. This bill extends this SPRB authorization from June 28, 2019 to June 30, 2024.

HSWAC's Downtown Honolulu Seawater Air Conditioning project will service approximately 14 million square feet of downtown building space. In addition to the compelling environmental and renewable energy benefits associated with deep water cooling, the project will generate more than \$300 million of dollars in construction spending and create more than 1,348 direct construction-related jobs in 2020 through 2022. In addition, it would create long-term, high-value employment opportunities and establish the State as a leading authority on the development and installation of seawater air conditioning systems throughout the Asia-Pacific region. Other local economic benefits would accrue from money that stays in Hawaii and is not exported outside the State to purchase oil.

Longer-than-expected permitting and regulatory reviews and closings of key customer agreements necessitated HSWAC to postpone the earlier sale of SPRBs. Despite these challenges, HSWAC's commitment to the project has not waned; over \$25 million in private capital has been invested to-date in the development of the project. In addition to State of Hawaii SPRBs, the balance of HSWAC funding consists of taxable revenue bonds and equity investment. With an anticipated construction start in early 2020, HSWAC expects to use all its authorized SPRBs within the next two years. The requested SPRBs are an important element in providing economically feasible project financing.

Thank you for this opportunity to testify.



Email: communications@ulupono.com

HOUSE COMMITTEE ON FINANCE
Thursday, April 4, 2019 — 2:05 p.m. — Room 308

Ulupono Initiative Supports SB 1002 SD 1, Relating to the Issuance of Special Purpose Revenue Bonds to Assist Seawater Air Conditioning Projects on Oahu

Dear Chair Luke, Vice Chair Cullen, 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 manage waste and fresh water resources. 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 supports SB 1002 SD 1, which extends the authorization to issue special purpose revenue bonds to assist Honolulu Seawater Air Conditioning (HSWAC), LLC, until June 30, 2024, because it aligns with our goal of increasing the production of clean, renewable energy in Hawai'i.

We support HSWAC's request because seawater air conditioning is a proven technology that will replace the energy-intensive central refrigeration system of a traditional air-conditioning system. HSWAC is targeting buildings that could benefit from substantial savings on electricity and water consumption, system replacement costs, and maintenance costs. By using 44-degree seawater via a freshwater loop instead of electricity to cool buildings, electricity costs can be cut by 75 percent and save an estimated 77 million kilowatt-hours of power a year, which is equivalent to a 20-megawatt wind farm or a 40-megawatt solar farm. That is enough to power more than 10,000 homes and eliminate the need to burn 178,000 barrels of oil a year. HSWAC is one of the State's largest energy efficiency projects.

This technology is known to provide substantial savings of energy and fresh water, both of which are critical to our economy and sustainability. HSWAC will reduce potable water consumption for air conditioning by 260 million gallons, reduce sewage production up to 84 million gallons per year, and avoids 84,000 tons of carbon dioxide (15,000 cars). In addition, it will also help the State move closer to its clean energy goals. This designation

Investing in a Sustainable Hawai'i



will help to spur greater success in energy efficiency projects that can help Hawai'i become less dependent on imported fossil fuels.

Since the last SPRB extension for this project, HSWAC has successfully added customers, including the John A. Burns School of Medicine and the State of Hawai'i Department of Accounting and General Services' buildings in the downtown Honolulu area.

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

Thank you for this opportunity to testify.

Respectfully,

Murray Clay
Managing Partner



To: The House Committee on Finance
From: Brodie Lockard, Hawaii State Climate Lead, Organizing for Action
Date: Thursday, April 4, 2019, 2:05 pm

In strong support of SB1002 SD1

Dear Chair Luke, Vice Chair Cullen, and Committee Members—

Organizing for Action strongly supports SB1002 SD1.

Seawater Air Conditioning (SWAC) deserves the support of the state. It is very well-suited to Hawaii because of our warm climate, and the proximity of so many large buildings to water, particularly in downtown Honolulu.

SWAC lowers electrical costs and provides rate stability. It will soon cool eight state buildings in downtown Honolulu, reducing electricity use by over 5.3 million kilowatt hours yearly. (The average U.S. utility customer uses about 11,000 kilowatt hours yearly.) [1]

SWAC is clean, renewable, and has no significant environmental impact. It cools air directly, requiring no conversion to electricity. It reduces fossil fuel use and greenhouse gas emissions.

District Cooling provides high reliability (generally 99.99% or greater) and can cool 24hrs/day, 365 days/year.

SWAC reduces sewer production and water usage, and requires minimal on-site equipment and maintenance.

Please support this bill so SWAC can expand, save more electricity and reduce Hawaii's greenhouse gas emissions even more.

Thank you for the opportunity to testify.

[1] <http://bigislandnow.com/2018/10/09/8-state-facilities-to-be-cooled-by-ocean-water/>

Brodie Lockard
Hawaii State Climate Lead, Organizing for Action