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SENATE COMMITTEE ON WAYS & MEANS
Tuesday, February 19, 2019 — 9:30 a.m. — Room 211

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

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, 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, 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

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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

SB-1002

Submitted on: 2/18/2019 9:17:05 AM

Testimony for WAM on 2/19/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for O`ahu County Committee on Legislative Priorities of the Democratic Party of Hawai`i	Support	No

Comments:



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Testimony on

S.B. 1002

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

Before the
State Senate
COMMITTEE ON WAYS AND MEANS
Tuesday, February 19, 2019

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

Chair Dela Cruz, Vice Chair Keith-Agaron and Members of the Committee:

Honolulu Seawater Air Conditioning (HSWAC) encourages your approval of S.B. 1002 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.

SB-1002

Submitted on: 2/17/2019 9:48:50 PM

Testimony for WAM on 2/19/2019 9:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dwamato	Individual	Support	No

Comments:



LATE

February 18, 2019

Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Senate Committee on Ways and Means

Support of SB 1002 RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS TO ASSIST SEAWATER AIR CONDITIONING PROJECTS ON OAHU. (Extends the authorization to issue special purpose revenue bonds to assist Honolulu Seawater Air Conditioning, LLC, until June 30, 2024.)

WAM Hrg: Tuesday, February 19, 2019 at 9:30 a.m. in Conf. Rm. 211

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers, resort operators and utility companies. LURF's mission is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

LURF appreciates the opportunity to provide comments in **strong support of SB 1002.**

LURF **supports SB 1002**, which would extend the authorization to issue special purpose revenue bonds to assist Honolulu Seawater Air Conditioning, LLC, under Act 113, Session Laws of Hawaii 2009, as amended by Act 150, Session Laws of Hawaii 2014, until June 30, 2024.

The initial authorization to issue special revenue bonds was set to lapse on June 30, 2014, and Act 150 (SLH 2014), extended the lapse date until June 28, 2019. LURF understands that this measure will assist Honolulu Seawater Air Conditioning, LLC, in constructing a district cooling project consisting of its chilled water distribution system and balance-of-system components and structures, to assist with the development of a seawater air conditioning system in downtown Honolulu.

LURF respectfully urges your Committees to **favorably consider SB 1002.**

Thank you for the opportunity to present testimony regarding this measure.