

Hawaii Energy Forum Meeting

December 6, 2006

State Capitol – Conference Room 309

Wednesday December 6, 2006

10:00am – 2:00 pm

Agenda

10:00 am - Introductions & Announcements

10:05 am - Discussion and Adoption of Reports to be submitted to the Legislature

- Chicago Climate Exchange Report
- HCR 195 Report & Recommendations

10:30 am - Status Report on Section 355 – Terry Surles

- Flow Chart

10:40 am - Status Report on Hawaii Energy Strategy 2006 – Steve Alber

10:50 am - 2007 Legislature – On the horizon

- Legislative “theme”/Proposed legislation
- Briefing on the Legislative Briefing – content & format

11:30 am - Lunch

11:45 am - Governance issues

- Governance structure – amendment to the “Governance Structure” & “Steering Committee Structure”
- HEPF Procedures and Policy on Legislative Testimony

12:00 pm - Reports from the Working Groups—Updates

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- Renewables – Mitch Ewan/Warren Bollmeier
- Regulatory Reform – Carl Freedman
- Hydrocarbon Futures – Al Chee/Steve Golden
- Cultural & Social Impact – Shad Kane/Mark Glick/Paula Helfrich
- Communication/Outreach – Peter Rosegg/Bill Kaneko
- Energy Efficiency – Darren Kimura/Steve Meder

1:00 pm - State Energy Efficiency Update -- Carilyn Shon, DBED

1:30 pm - Report on HEPF contracts & budget

1:40 pm - Calendar for the Coming Year 2007

1:50 pm - Other Business

2:00 pm - Adjourn

Summary Notes

In attendance:

Forum Members:

Bob Arrigoni, HI County, Res. & Development; Jeff Deren, KIUC; Catherine Awakuni, DCA; Al Chee, Chevron; Tim Blume for Jeff Deren, KIUC; Mitch Ewan, UH HNEI; Carl Freedman; Mike Hamnett, RCUH; Shad Kane, ASHoK; Bill Kaneko, HIPA; Steve Alber for Maurice Kaya, DBEDT; Kim Suman (for Stephen Meder, AIA Honolulu); Sharon Miyashiro, UH Public Policy Center; Robbie Adams for Rep. Hermina Morita; Tim O'Connell, USDA; Melissa Pavlicek, WSPA; Peter Rosegg, HECO; Sen Ron Menor.

Guests/Visitors: Lorenz Maggaard & Craig Coleman, International Center for Climate and Society, UHM; Carlton Saito, Sen Menor's office; Sandra Wong, Attorney; Terry Surles, HNEI; Mike Fitzgerald, Enterprise Honolulu; Rinald Brutoco and Madeline Austin, World Business Academy; Steve Teves, WSPA. HEPF: Susan Char; Diane Sakai, Public Policy Center.

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Presentations & Discussions:

1. Chicago Climate Exchange. Dr. Lorenz Magaard and Craig Coleman, International Center for Climate and Society (ICCS), School of Ocean Earth Sciences & Technology, University of Hawaii at Manoa, presented their updated findings. The preliminary report is on the HEPF website. In response to the Legislature's request, the HEPF commissioned Dr. Magaard to assess whether the State should join the Chicago Climate Exchange (CCX) as a means to promote development of renewable energy sources (RE). The following were comments and questions by members for consideration in the final report:

- There is some confusion about which entity is capping what emissions. Why does Hawaii need to put a cap on its emissions? Response: The CCX is a 6% reduction in emissions from year 2000 levels. The CCX is the only one determining caps so Hawaii as a state would voluntarily join in order to reduce its emissions.
- Be careful of "magic numbers" like in New Mexico. There are also a lot of other organizations that do credit trading with the sense that the projects become "economic bridges". The cap and trade system probably won't happen for a while (around 2012-15) so why should Hawaii join now?
- It seems that the negatives of CCX membership keep being described but yet the recommendation is to join CCX...why? For now, we should assess how much doing a baseline inventory will cost or put a cap on the cost of doing the inventory. We're not in a rush...go forward with the inventory but wait on recommendation to join CCX.
- Clarification of what would be included: CCX membership would apply only to vehicles and state run facilities; an inventory would apply to the same; the recommendation by the panelists is to include everything in the state (public/private).
- DBEDT has an estimate (not an inventory) of how far current RE projects would reduce emissions.

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The Forum members wanted clarification that the report prepared by Dr. Maagard and Mr. Coleman was not in fact the report back to the 2007 Legislature. It was determined that the final report submitted to the Legislature will be from the HEPF on its letterhead stating that a report was received and vetted; and would include the Forum's recommendations based on the findings from the report. As the report is due to the Legislature 20 days prior to the start of the 2007 session, there is a short deadline for vetting.

Vetting: Forum members should vet the preliminary report on the HEPF vetting website at www.hepf.org or e-mail Mitch Ewan at ewan@hawaii.edu no later than Monday, December 11.

2. Preliminary Report for HCR 195 relating to study of fuel crops for generating electricity.

Deadline for comments and edits is Monday, December 11. Comments and edits should be sent via e-mail to Susan Char at susan.char@gmail.com. Per DBEDT's request, all comments and edits will be incorporated via track changes mode into the preliminary report and sent to DBEDT for inclusion in its final report to the Forum. Substantial and technical revisions and/or additional research or data to be included will not to be accommodated due to the time sensitivity of the report's submittal.

The comments and input regarding the text or recommendations received on December 11 will also be reviewed by the REWG co-chairs who will be responsible for drafting the final Forum report and recommendations that will be submitted to the 2007 Legislature.

3. Status Report on Section 355.

Terry Surles, HNEI, gave an update on the status of Section 355. The PowerPoint presentation is on both the HEPF vetting website hepf.org if you have comments; and the HEPF general website hawaiienergypolicy.hawaii.edu.

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4. Hawaii Energy Strategy 2006.

Steve Alber gave an update on the Hawaii Energy Strategy 2006. The 3rd Stakeholders meeting will be held on December 13 in the HEI Training Room #2.

2007 Legislature:

The tentative dates for HEPF's legislative briefing to the 2007 Legislature are Thursday, Jan. 18 or Tuesday, Jan. 23. Awaiting final confirmation of dates from Sen. Ron Menor and Rep. Hermina Morita. A draft agenda developed by the Steering Committee was circulated and members were invited to submit comments or input.

Governance Issues

Updated governance policies and procedures for HEPF were distributed.

1. Governance Structure. The governance structure was clarified with roles and responsibilities of the Forum spelled out: (1) General membership; (2) Working Groups; (3) Steering Committee; and (4) Project Team (see attached revised document). Note: The governance structure document was amended and is on the <hepf.org> website under governance. If members have any comments or concerns, these should be posted on the website or emailed to sharonmi@hawaii.edu no later than December 20. If there is no objection the document will be considered as approved by the Forum.

2. Terms of Collaboration. Mike Hamnett reported that Chair Al Chee convened the Terms of Collaboration Committee and shared their discussion on vetting and action on legislative proposals. Specifically it agreed to continue the policy of requiring consensus ("can you live with it" or "no opposition") before legislative testimony can be submitted by the Forum. Suggestions were offered: (1) As all legislative proposals are assigned to one of the Working Groups ("WG"), WG Chairs are responsible for working with members who have problems to develop a position on which consensus can be reached if possible. (2) WG chairs should contact Forum

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members who may have a problem with an issue before sending an issue/proposal to the entire Forum for vetting.

Note: As the ToC Committee did not meet prior to the Steering Committee meeting, no action was taken. There was consensus that the ToC needs to submit its report and recommendation to the Steering Committee for review and discussion prior to action by the Forum. The current vetting process is in effect until the Forum votes to amend.

Working Group Reports:

Renewable Energy WG.

- Update on the Hawaii Biofuels Workshop that was held on October 27. The PowerPoint presentation will be on the HEPF website at <http://www.hepf.org> in the RE WG document list.
- There are numerous issues that need to be consolidated and coordinated in order to move biofuels forward.
- The recommendation is to create a Biofuels Master Plan with DBEDT taking the lead. REWG proposed HEPF submitting for introduction during the 2007 Session a legislative proposal to develop the master plan.

Energy Efficiency WG

- A report from the working group was distributed and is attached and will be posted on the HEPF website at: <http://www.hepf.org> in the Energy Efficiency WG document list.

Regulatory Reform WG

- The Consumer Advocate has submitted legislation on its reorganization plan but it is currently making its way through administrative review – not sure if it will actually be included in the Administration's package of legislation.

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- DCA and PUC desperately need help in training and retaining staff
- The following HEPF position statement was proposed by the Working Group Chair for vetting at the HEPF vetting website: <<http://www.hepf.org>>:

“The Hawaii Energy Policy Forum (Forum) encourages the Hawaii State Administration and Legislature to provide sufficient resources and personnel support for the PUC and DCA to successfully recruit and retain qualified staff to provide the unique nexus of technical, economic, policy and legal expertise necessary for enlightened energy regulation. The Forum supports reorganization of the Hawaii PUC and DCA as required by the 2006 Hawaii Legislature to provide sufficient staff positions with modernized job descriptions, classifications and salaries commensurate with the agencies’ unique personnel needs.”

Vetting: Members should indicate any concerns on the vetting website or email Carl directly at jcfm@hawaiiintel.net no later than December 20.

Hydrocarbon Future WG

- No update

Cultural Impact WG

- The WG is exploring with OHA a cultural mapping/siting project, and wants to emphasize that it be community driven
- The WG is also exploring economic development projects focusing on energy efficiency in burdened communities
- It will continue to work on its projects and will not have a presentation at the January briefing but will work toward proposals in 2008.

Communication and Outreach Plan.

- No update

State Energy Efficiency Update

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Carilyn Shon from DBEDT presented an update on the status of energy efficiency in state facilities. The Lead by Example project arose out of Act 96, Part 3 and Act 160 (the budget bill). Act 96 requires energy efficiency for all state agencies and Act 160 requires the reporting of kilowatt-hours used by state facilities and agencies' plans to reduce consumption. The Forum can help the state with its energy efficiency requirements by supporting capital funds for energy efficiency upgrades and buildings. Ms. Shon's power point presentation will be posted on the Forum's website at: <http://www.hawaiienergypolicy.hawaii.edu>.

Other Business

A report on HEPF contracts and budgets was distributed, as well as a tentative calendar of HEPF dates for the first six months of 2007.

Next Meeting: January 18 or 23 depending on the date of the Legislative Briefing. The Forum meeting will follow the Legislative Briefing.