The Hawaii biofuels opportunity is compelling

- Energy security increases with fuel diversification and in state production
- Fundamental economics vs. oil, even without subsidies. Both sugar cane and palm oil can earn return on investment at $45-50/bbl
- Import substitution is worth >$300 MM/yr at 20% AFS target
- Next generation biofuels technology will improve both economic returns and environmental sustainability
- Energy crops create opportunity to preserve important agricultural lands and biodiesel could enhance diversified agriculture through animal feed byproducts
- But high feedstock market prices are squeezing out manufacturers, requiring integrated farm to refinery business models

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Universal barriers across the biofuels value chain




Agricultural Production → Conversion → Distribution & Storage → End Use

Physical Constraints

- Markets / Production Geographic Mismatch
- Logistical Infrastructure Bottlenecks & Cost

Legal and Environmental

- Permit Time and Complexity

Financial Risks

- Oil-Biofuels Spreads vs. Investment Cost Recovery vs Credit/Duration
- R&D Knowledge Gaps
- Stability and Duration of Government Policies & Incentives

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Legislative Priorities

- Investment tax credit for biofuels infrastructure (irrigation, terminals, distribution)
- Matching funds for agriculture research and development
- Sliding scale detaxation based on % in state biofuels
- Support and Enhance Competition

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