

## Hawaii Energy Forum Meeting

### HEPF General Membership Meeting

March 7, 2008

Hawaii State Capitol Rm #423

Summary Notes

#### **In Attendance:**

#### **Members:**

Al Chee, Mike Hamnett, Peter Rosegg, Rick Reed, Sharon Miyashiro, Carilyn Shon, Carl Freedman, Catherine Awakuni, Glenn Sato, Ray Starling, Larry Lau, Madeleine Austin, Paula Helfrich, Rep. Hermina Morita, Rick Rocheleau, Riley Saito, Steve Golden.

#### **Guests:**

David Leonard, Christopher Sholes, Ted Liu, Eddie Moses, Alison Silverstein, Bill Parks, Jessica Horiuchi, Dave Rolf.

#### **Staff:**

Susan Char, Chelsea Phlegar, Kim Suman.

#### **Legislative Update (Rep. Hermina Morita):**

Triple referral bills have to be heard by next Thursday (3/13).

#### **HB 3444**

There was discussion in the HEPF Steering Committee meeting last week, and it was decided to wait and see what happened with this bill. Should we re-vet this bill? Would anyone here block consensus? Last week, it was seen as an "A" category bill, which means HEPF supports the bill and will track its progress. We need to put together supporting testimony for this bill since it was scheduled by Sen. Menor to

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be heard next Tuesday the 11th. Susan will draft testimony and we will move forward.

The proposed \$0.15/bbl tax is expected to generate \$5 million/year. The previous \$0.05/bbl generates just under \$2 million/year and is capped. The director has the ability to suspend the tax when the cap is reached. The Hydrocarbon Futures WG had expressed concern regarding the \$0.05/bbl, in the hopes that it not be touched and remain in place for oil spills. The addl. \$0.15/bbl cost will go straight to the consumer. How does that work? Mina says according to DBEDT, the cost to each consumer will be \$3.85/year as additional tax (this calculation does not include potential amount borne by visitors). By gallons, it comes to \$0.0033/gallon. This additional cost to consumers could easily be offset by energy efficiency.

Al Chee (Chevron) was pleased to see that the \$0.05/bbl would remain intact. It is important for oil spill education and response.

1. It is up to the marketplace whether or not the cost of the tax is passed on to the consumer.
2. This fund has previously been used to support the shortfalls in the Department of Business, Economics, Development and Tourism's (DBEDT) budget.

Mina indicated this is a conveyance tax that is being changed, rather than adding a new tax on fuel sales. The Department of Health still has control over the \$0.05/bbl, while DBEDT would control the additional \$0.15/bbl. She indicated the Environmental Response Fund should be audited to make sure the purpose of the fund for oil spill response stays intact.

### **GHG Emissions**

Someone expressed concern that the cost to reduce these emissions could be very high. There are various scenarios that are being discussed, i.e. cap and trade, etc. The NRDC and The US Department of Energy (USDOE) estimate that gas may

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need to go to \$6/gallon in order to curb demand. Mina expressed concern that we cannot wait for a crisis to develop before we address these issues. She feels that we are already approaching a crisis. DBEDT's federal funding is running out and we cannot wait until it falls apart until we address it. With higher prices for gas, people become more efficient. Higher prices lead to reductions in demand.

A member felt we needed to look at other options such as telecommuting. Mina suggested we may want to have a speaker at a future forum meeting who handled transportation logistics during the Los Angeles Olympics. She met this person on a recent flight home. A suggestion was made that video teleconferencing is a viable solution that should be promoted by entities like the Forum. Mina indicated the state has teleconferencing facilities available. However, Paula indicated these facilities are not well utilized. Options such as telecommuting and video teleconferencing should start with the government. The employer's council could also get more involved as these costs will affect their workers. A member indicated that telecommuting works well and should be looked at very closely. This can really save energy (assuming it gets 10 – 20% of people off the road) and would be a lifestyle improvement. A member indicated these things are not an "either or" solution. The change will be incremental and will take a long time. In the meantime, we really need to address the immediate problem at DBEDT.

### **HB 2862 & HB 2863**

According to Carl Freedman, these two bills went through the house and they are intended to be streamlining bills. The first, HB 2862, relates to wind energy and undersea cable. He does not think DBEDT has sufficient staffing to handle the additional work required if this bill passes. He indicated, if this bill passes, Director Liu would not even have the authority to deny the application. He feels we need to dialogue with the agencies to see if this will work. He is proposing it be vetted as a "C" which the forum would oppose.

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The second bill, HB 2863, is an energy facility siting bill which gives DBEDT complete authority for all facilities > 200 MW. Carl feels this bill will not be a streamlining bill, but instead will be a quagmire. Carl is proposing this bill also be vetted as a "C" because it is poorly written. Mina indicated this bill was intended to lead to facilitation of the permitting process, not necessarily consolidation of the permitting process.

### **SB 2630**

This bill is of great importance to the petroleum industry due to the reporting requirements, as it would require the Public Utilities Commission to publish information that the oil companies deem confidential and essential to maintaining competitive bidding. Mina indicated concern as well. She indicated there is no companion bill on the house side.

### **SB 2555**

This is a reorganization bill that takes the energy department away from DBEDT and moves it to a sustainability department. Director Liu said such reorganization would take 3 years, and those 3 years would be better spent focusing on near-term issues. It is a concept that is understood and there is a model out there. However, he indicated that they are not inclined at this point to make this change. Mina said we have all the right elements except for the funding to make this happen. She advised that there is no companion bill on the house side.

### **Hawaii Clean Energy Initiative and DBEDT Energy Office Update (Ted Liu)**

Ted Liu indicated he had only had 4 applicants for Maurice Kaya's position; therefore, he is refraining from hiring immediately because he wants a bigger and deeper pool of applicants. He indicated the GHG task force is still a priority. Also, the hydrogen fund was a great program for which legislation, passed in 2006, provided seed money. Competition for this funding was strong. Liu picked the

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successful company but later found out he had made a poor decision. On the brighter side, the Hawaii Clean Energy Initiative integrates with the hydrogen fund.

The Hawaii Clean Energy Initiative was announced about 1 month ago. Last week, at the governor's convention, Thomas Friedman, who recently completed a new book, said that "green" is the new red, white and blue. It seems to be agreed that Hawaii is a good place to roll out and test new technologies. Hawaii can be the model. The USDOE does not necessarily view Hawaii as reaching 20% renewable by 2020. However, the USDOE believes if we focus on the transformation of our regulatory systems, financial incentives and institutions, we can achieve 60-70% within a generation. It is believed that this will create economic opportunity at all levels of society. The intent would be to develop institutional change. How do we get there?

The USDOE/State core partnership needs to lie out a fundamental plan. The proposed plan would include the following four technical working groups:

1. End use efficiency
2. Electric generation
3. Energy delivery
4. Transportation

These working groups will impact policy, the regulatory framework, and financing and technology development to make everything happen. Partners will include the public sector, industry, NGOs and other representatives. There will be a three-way partnership between the working groups, the partnership projects and the clean energy transformation economics/end state conditions.

Helping the State of Hawaii and the USDOE with this initiative are Alison Silverstein and Eddie Moses. Alison will be filling a policy and staff advisory role. Her question to the group was "How can we accelerate and maximize this change while

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maintaining flexibility for the future?" We will train, coach, facilitate, poke and prod to make this happen.

Eddie Moses has been doing renewable energy development from the developer and finance side. He feels that now is a good time to "turn the ship". He will be on the steering committee with Bill Parks. He indicated the working groups will be asking, "What are the current barriers?" and will be focused on this.

Bill Parks indicated that the initiative will focus at the beginning on the low-hanging fruit and the larger opportunities. In May, a 2-day update conference on bioenergy is planned. Also, the initiative will take advantage of changes on the federal level in military housing for example. There are 15,000 homes that will be replaced in the next 10 years. Why not use distributed generation, net zero energy, or? Bill was asked what are the top 3 "hairy/scary" ideas? He indicated one was 70% penetration of renewable energy.

The Hawaii Clean Energy Initiative presentation made at the meeting is already available on DBEDT's website.

### **Hawaii's Climate Crisis**

The documentary will be rebroadcast on March 20, 2008, 9 pm, on KGMB (Channel 7).

### **Adjournment**

The meeting adjourned at noon. Lunch followed.

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