

Hawaii Energy Forum Meeting

HEPF General Membership Meeting

Friday December 7, 2007

Hawaii State Capitol Room 325

10 am – 1 pm

Summary Notes

In Attendance:

Members & Guests:

Al Chee, Bob Arrigoni, Carl Freedman, Glenn Sato, Kyle Datta, Lance Tanaka, Larry Lau, Mark Glick, Ted Peck, Melissa Pavlicek, Mike Hamnett, Mike Kitamura, Mitch Ewan, Rick Rocheleau, Riley Saito, Robbie Alm, Carlton Saito, Sharon Miyashiro, Steve Golden, Steve Rymsha, Tim O'Connell, Yvonne Lau, Kim Suman, Susan Char, Chris Sholes, Leslie Kondo, Denise Konan, Terry Surlles, Steve Teves, Dan Kalili, Denise Iseri-Matsubara

I. Working Group Changes

- Mitch Ewan is now co-chair of Communication & Outreach with Peter Rosegg and Bill Kaneko
- Rick Reed is now co-chair of Renewable Energy with Warren Bollmeier
- Carl Freedman is now co-chair of GHG with Mike Hamnett
- Lance Tanaka is now co-chair of Hydrocarbon Futures with Steve Golden
- Melissa Pavlicek asked to be a GHG working group member

II. Working Group Updates

- **Energy Efficiency** – Neither Darren Kimura nor Steve Meder were available so Sharon Miyashiro presented the update.
 - Sharon gave an update regarding the status of Act 254 – Energy Efficient Transportation Strategies Study

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- Energy Audits: A status report is pending as we are still requesting information from awardees regarding implementation of energy conservation measures recommended in the audits.
- **Hydrocarbon Futures** – Lance Tanaka - There is no legislation pending going into the session. However, they are working on an administrative package to broaden the Aloha Development Corporation charter and to propose bonding authority changes. Also, a Harbor modernization package is in progress. More details are pending.
- **Cultural and Social** – Mark Glick – The WG is working on greater involvement and partnerships as well as more direct ownership of distributed power projects/alternative energy by native Hawaiians. The natural gas project recently completed would be an example of such a collaboration.
- **Communication and Outreach** – Mitch Ewan – A documentary TV program is being developed with HECO. Targeted viewing is mid January, probably January 16-17th. We are still in the contracting mode so plans are not yet final. The documentary will likely be called “Hawaii’s Inconvenient Truth”. The HEPF will be well represented. It will be 45 minutes in length.
- **Green House Gas** – Mike Hamnett – We have not yet started as a WG per se. The Legislature passed the GHG emission reduction bill last session. Since then, we have established a task force. The university has a WG as well which was pulled together by Mike Hamnett. This UH analytical group is looking at policy options and the economic impact of global warming on Hawaii. It is not yet clear what direction the task force is going. DBEDT support to the task force is currently pending. Paul Bernstein from the analytical group has asked to be a forum member on the GHG WG.
- **Renewable Energy** – Robbie Alm gave the report since neither Rick Reed nor Warren Bollmeier were available.
 - 2 goals are to replace fossil fuels and promote local production of crops that can be converted into biodiesel/ethanol.

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- A number of additional projects are happening around the state in renewables:
 - A biomass project along the Hamakua Coast
 - Puna Geothermal is working on plans to add 8 MW to their existing 30 MW. They are currently in the EIS phase.
 - The HECO biodiesel contract for Maui is currently pending before the PUC. The supplier is required to purchase raw materials locally before importing. Under the US constitution, a state cannot require local purchase, however, a private company can impose such a requirement. HECO suggested to the PUC that they support up to 25% more cost over the world market because of the benefits of local production which include the multiplier effect and increased fuel security.
 - The city and county is in the last phase of bidding for H-Power.
 - SWAC in Honolulu is working toward the permitting phase.
 - HECO last week requested a bigger rebate for SWAC.
 - A solicitation of interest for Oahu for 100 MW of additional energy via undersea cable from the neighbor islands is being considered.
 - At a recent Integrated Resource Planning (IRP) meeting, HECO announced negotiation of power purchase agreements for Oahu including Kahe (waste energy projects, etc.)
 - A significant amount of activity is taking place that will shortly be available in the public arena
 - Hawaii has significant issues with NIMBY. Instead, Hawaii needs to accept renewable energy facilities and increase tolerance. Most projects in permitting now are seeing resistance. The forum may need to focus on this issue in the future.
 - There is an imbalance of neighbor island production of renewable energy versus Oahu's production of renewable

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energy. This imbalance costs the neighbor island ratepayers more than if these renewable energy projects were done on Oahu. Oahu has been able to take a pass since the neighbor islands are pursuing these projects, however, this is probably not right. A renewable infrastructure surcharge is being considered (statewide assessment) so Oahu ratepayers can pick up their fair share of the cost for renewable energy. The PUC and DCA are considering this on a separate docket.

- **Regulatory Reform** – Carl Freedman
 - We were successful during the last session in approval of restructuring plans and budgeting for the PUC and DCA. Now we are focusing on DBEDT which was given several programs in the last session that we supported, however, no funding was given. DBEDT is losing Maurice Kaya, John Tantlinger and Steve Alber over the next year. The DBEDT issue is a similar issue to the PUC/DCA issue from last session. We are not actively planning right now for this session, however, the Legislature may be able to fund a study for the next interim to look at the DBEDT organizational structure. A plan is being finalized by Ted Peck at DBEDT now regarding the existing structure of DBEDT. Approximately 13 of 18 positions in the energy office will lose funding soon and new programs are increasing. There are two tracks that should be followed to address the staffing levels at DBEDT: 1. Provide funding for existing positions and 2. Determine the long range organizational structure of the energy office. The forum is requesting funding for a study regarding #2 which will be taken up at the next session.
 - We just finished a study to identify existing policy obstacles to implementation of energy efficiency strategies. No obstacles were identified. The report was e-mailed by Sharon Miyashiro to forum members for vetting (and will be on hep.org shortly). Please submit

your comments by 12/28/07 to provide time for preparation of the presentation at the January Leg briefing.

III. Legislative Update

- There are three bills being submitted by HEPF this session. They have been posted to hep.org and drafts of the bills have been provided.
- Regarding the Transportation Strategies bill, there was a question regarding p. 2, line 20: What is being envisioned regarding alternative energy usage/more choices/more use of? This is still undefined but was brought up at the 2nd meeting of the Act 254 WG so the group is aware of the sensitivity of this issue. The study is still at a very high level. Perhaps, the wording could say “where practical” or “where reasonable”. Since the WG is still studying, there is still flexibility. The mission statement of the Transportation WG addresses cost so cost for flexibility will be recognized.

IV. GHG Panel discussion

Terry Surles made a presentation titled “Overview: Climate Changes Initiatives in the US and Europe” which described three main mechanisms to address global warming:

- Carbon tax on imports which is likely to negatively affect poor people.
- Cap and Trade system – imposes a limit on emitters but is easy on power producers. In this system, credits are sold to those unable to cut emissions.
- Use \$ to mitigate affects of climate change.
- UH got together initially (UHERO, HNEI) last July and August with a proposal for a task force. The costs and impacts of global warming are likely to be dramatic and not evenly distributed across society.
- Legislation is pending in DC – approximately 110 bills. It is likely that Federal legislation will get adopted, however, possibly not until we have a

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- new president. We need to anticipate what Federal legislation will be passed to make sure it will work for Hawaii. We are an isolated island so whatever is passed could have a major impact.
- By 2020, we need to get back to 1990 levels or some % of that.
 - Terry Surles gave an overview of CIC policies, EU actions/policies, RGGI (NE States), etc.
 - The policies fall into the following categories: command and control, carbon tax, cap and trade, volume program and dissemination.
 - Terry talked about these two markets:
 - 1. Cap and trade – introduced by US into the Kyoto Protocol
 - Kyoto Protocol is a model for cap and trade
 - Gives companies flexibility on how they reach emission targets.
 - Likely to be a law passed as a lot of pending bills address this market.
 - 2. Credit markets – including CCX.
 - In 2005, the EU launched a pilot program which covers ½ of all emissions. It allows trading. There are serious non-compliance penalties.
 - In US markets, RGGI (NE States) multistate CO2 cap and trade program:
 - Regulates 25 MW min. facilities
 - Offsets are allowed
 - CA considers all GHG gases: There was an executive order issued by Gov. Schwarzenegger. The goals are daunting. AB32 attempted to codify some initiatives in the executive order. Need to look at the relevant questions to Hawaii (slide #24).
 - We are working toward sustainability for Hawaii but at what cost?
 - There are larger questions for Hawaii (see slide #27).
 - Air transportation GHG emissions are coming up right now in Washington D.C. The states want to have a say in this especially Hawaii since our tourism industry is dependent on air transportation. We cannot use another place's solution. We have to find our own.

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Denise Konan spoke next regarding “Economic Causes of Hawaii GHG Emissions”: At UH Manoa, we put together a team from HNEI and UHERO to address socioeconomic issues and energy issues related to climate change.

- Hawaii needs to be very intentional about policy going forward.
- UHERO provides an analysis that is data driven.
- We need to link the economic and engineering models to come up with the best policy.
- Regarding data, there is good tracking of economic data with DBEDT. The energy data is compatible with economic activities but is a little harder to come by. The DBEDT input-output study reflects economic activities and interrelationships with other sectors. The last good year for the study was 1997.
- The State’s EPA workbook on emission coefficients: an update is pending.
- Supply/demand – model (economic) currently only considers petroleum based GHGs. We need to add coal emissions, etc. to general GHGs.

Larry Lau spoke next about the Climate Registry. He provided handouts which are attached.

V. Adjournment

The meeting was adjourned at approximately 1:00 p.m.