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
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
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