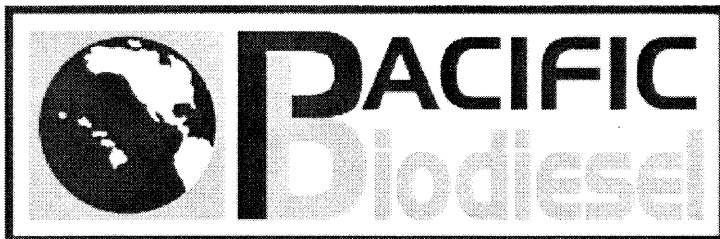


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**Pacific Biodiesel**

40 Hobron Avenue  
Kahului, Hawaii 96732  
(808) 877-3144  
(808) 877-5030 Fax  
[www.biodiesel.com](http://www.biodiesel.com)

**To: House Sergeant-at-Arms—Please provide 30 copies.**

To: House Representatives Finance Committee

From: Robert King, Pacific Biodiesel, Inc.

SB 1718, Scheduled to be heard for decision-making FRIDAY, March 30, 2007 3:00 p.m. Conference Room 308

**COMMITTEE ON FINANCE**

**Rep. Marcus R. Oshiro, Chair**

**Rep. Marilyn B. Lee, Chair**

**SB 1718 (SSCR904) RELATING TO THE ISSUANCE OF SPECIAL PURPOSE REVENUE BONDS FOR ELECTRICAL GENERATION ON THE ISLAND OF MAUI.**

Authorizes special purpose revenue bonds to BlueEarth Maui Biodiesel, LLC, for construction of a biodiesel refinery on Maui.

Pacific Biodiesel opposes the Special Purpose Revenue Bond for the BlueEarth mega-refinery on Maui and does not see this project as moving Hawai'i in the right direction. To those of us who understand the importance of sustainable community-based clean fuels, it is just the opposite.

It is more than "a little troubling" that the project intends to import 40,000,000 to 120,000,000 gallons of palm oil as its feedstock for biodiesel. One of the largest environmental disasters of the last decade is the devastation of the rainforests in Southeast Asia and the Amazon in order to plant oil palms. European studies suggest this destruction has resulted in 3-10 times more CO2 emissions from biodiesel produced using SE Asia palm oil than from the equivalent amount of petroleum diesel. Hundreds of articles about this subject have been published worldwide, including a Friends of the Earth report stating that 87% of the deforestation in Malaysia between 1995 and 2000 was a direct result of palm plantation expansion. Biofuelswatch is a UK-based organization which has collected over 200 signatures from European environmental groups asking that the EU suspend the importation of palm oil until more research can be done on their total impact. (<http://biofuelwatch.org.uk/alerts.php#euleaders>).

The Advertiser suggests that the State Legislature "insist that BlueEarth transition to homegrown materials as quickly as possible", but the fact remains that there is not enough land on Maui to satisfy their production goal of 120 million gallons per year, even if they owned all the available ag land in the County. And it certainly doesn't take into account the need for some of that land to be put into food production if Maui is working toward true sustainability.

We do not see a future for mega-refineries in Hawai'i. They do not decrease our dependence on foreign governments, they merely re-direct that dependence. They do not reduce global CO2 emissions, they increase it. These projects do not support local farmers, they discourage them.

At Pacific Biodiesel our vision is a series of community-based biodiesel plants throughout the islands. These plants will be sized to accommodate the oil produced by local farmers, and the transportation liquid fuels required by the community. For several years we have been working on biodiesel crop research with the intent that, as we help farmers grow a variety of crops and produce more oil, we will scale our refineries accordingly – in their

community. The goal is the greening of communities both environmentally and economically, with jobs, profits and capital staying in Hawai'i.

The vision of Hawai'i 2050, in its definition of sustainability, is "living within the limits of the natural environment". Instead of encouraging mega-plants with the intention of increasing fuel usage, the State Legislature should be supporting expansion of more appropriate forms of renewable energy for our utilities such as wind, solar, biomass and wave energy. Whereas the requirement for multi-million gallons of feedstock will always have Hawai'i dependent on, and even competing for, foreign oil, no one can take away our sun, wind or waves. Along with looking for more sustainable renewable energies, we need to first conserve energy. Hawai'i should not be building more liquid fuel-based power plants, but instead should be looking for more ways to use less energy, such as solar panels on every house, which becomes more probable with the passing of Senate Bill 988.

The vision of Pacific Biodiesel, and other local biodiesel producers throughout the country, is under attack by large mainland companies with no history in the industry and no future – just present-day profit – in mind. For over 10 years we have been creating solutions: solutions to the disposal of waste cooking oil, solutions to the fluctuating price of petroleum (with often below-market pricing of biodiesel), and solutions to the increase of greenhouse gases caused by fossil fuels. The next step is the development of biofuels crops in Hawai'i, but, in order to create a solution instead of a bigger problem, the details are very important and require a wiser, capacity-building approach than the one proposed by BlueEarth. We stand ready to work with HECO to provide a key cornerstone to a truly sustainable future for Hawai'i.

Please help us to keep the community dream of sustainable renewable energy alive!

A handwritten signature in cursive script that reads "Robert O. King". The signature is written in black ink and is positioned above the printed name and title.

Robert King  
President