

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

To: House Representatives Hermina Morita, Mele Carroll, Pono Chong, Ken Ito, Michael Y. Magaoay, Roland D. Sagum, III, Scott K. Saiki, Cynthia Thielen

From: Heidi Quante, Executive Director
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Re: SB 1718, Scheduled to be heard for decision-making
Thursday March 15, 9:00 a.m., Conference Room 312

COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Rep. Hermina M. Morita, Chair
Rep. Mele Carroll, Vice 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.

The Sustainable Biodiesel Alliance (SBA) is a national non-governmental organization made up of environmental groups, farmers and representatives from the biodiesel industry. SBA's mission is to create industry standards for the sustainable production of biodiesel in the United States. Like many national organizations that have learned about the proposed BlueEarth project in Maui, we are very concerned about the lack of any environmental, social or economic impact study to determine the impact the proposed refinery will have on Maui's existing agricultural production system, local businesses and the environment.

Because there have been no studies in these areas of public concern, we are questioning if BlueEarth's proposed project will truly benefit the people, environment and economy of Maui. BlueEarth advertises that it will "transition to homegrown materials as quickly as possible." There are many outstanding questions BlueEarth has not yet answered. For example, does BlueEarth intend to derive all of its future feedstock from crops grown exclusively on Maui? Where will these crops be grown – will they be grown on existing farmland? Will they displace food crops? Does Maui even have enough farmland to grow crops to satiate the proposed 120 million gallons per year BlueEarth seeks to produce? These are just some of the questions the BlueEarth project has not yet answered.

In addition to our concern for the potential impacts this refinery will have on Maui, we were also concerned to learn that BlueEarth intends to derive much of its initial

feedstock from imported palm oil. Many environmental, human rights and other organizations have labeled palm oil as one of the least sustainable feedstocks for creating biodiesel. Even the European Union is considering legislation that would determine whether or not palm oil can even be considered a "sustainable" form of biodiesel. The EU's concern over palm oil stems from numerous international studies that have concluded that the creation of palm plantations are one of the primary destroyers of the world's remaining rainforests, homes to indigenous peoples and the habitat for many endangered species.

According to a August 2006 briefing by the international organization Friends of the Earth titled, ***The Use of Palm Oil for Biofuel and as Biomass for Energy:***

"Palm oil is now starting to be used as an ingredient in bio-diesel and as a fuel to be burnt in power stations to produce electricity. This is a new market for palm oil which has the potential to dramatically increase global demand for this commodity.

*The development of the oil palm industry in Indonesia and Malaysia has brought economic benefits to both these countries. **However it has also generated considerable environmental and social costs.***

The development of oil palm plantations is one of the biggest causes of rainforest clearance. *The palm oil industry has already set up 6.5 million hectares of oil palm plantations across Sumatra and Borneo but it is estimated that it is probably responsible for the destruction of 10 million hectares of rainforest.*

By clearing the forest first, plantation companies can offset the start up costs of their plantations. The profits are so large that some oil palm companies clear the land and don't even bother to set up the plantation. There is therefore a strong incentive for oil palm companies to seek concessions and access to land that is heavily forested.

Oil palm plantation development also poses the greatest threat to the survival of many species.

Tropical deforestation due to agricultural expansion, logging and infrastructure development already contributes between 10 and 30 per cent of greenhouse global emissions. The clearance of rainforest to make way for oil palm plantations is exacerbating this problem.

In addition, oil palm plantation companies in Indonesia have been identified as one of the chief culprits in setting forest fires over the last 10 years. These occur every year in Indonesia and release huge quantities of carbon into the atmosphere. In one of the worst fire incidents between 1997 and 1998 it is estimated that the emissions from the forest fires in Indonesia were equivalent to 40% of all global emissions from burning fossil fuels that year.

The development of oil palm plantations has also often benefited large companies at the expense of local communities who can lose their land and access to important

forest resources and ecosystem services.

In Indonesia over 100 million people depend upon access to rainforest resources for their survival. The rapid expansion of the oil palm industry in Indonesia has all too often been associated with community exploitation and corporate greed rather than sustainable development."

Supplanting one imported fuel –petroleum- for another -palm oil- does not seem to be the best option for pursuing a visionary path towards energy independence for Maui.

The BlueEarth project is being touted as a "sustainable" way for Maui to meet its energy needs but it seems that the government has rushed into a project without conducting critical studies to determine if other renewable energy sources might be more appropriate for Maui.

We call upon the Hawaii State Legislature to conduct an environmental, social and economic impact study to assess if the proposed BlueEarth project is truly a sustainable project for Maui in its pursuit of energy independence.