



WINDWARD AHUPUA'A ALLIANCE

From the Peaks of Na Ko'olau to the Outer Reefs

*Community-Based Planning
Sustainable Economic Development
Restoration, Preservation, Protection & Public Access
Educational & Cultural Programs*

COMMITTEE ON FINANCE

Rep. Marcus Oshiro, Chair

Rep. Marilyn Lee, Vice Chair

PUBLIC HEARING
Friday, March 30, 2007
3 pm
Conference Room 308

LATE TESTIMONY

SB 1718 HD1
RELATING TO THE ISSURANCE OF SPECIAL PURPOSE REVENUE BONDS
FOR ELECTRICAL GENERATION ON ATH ISLAND OF MAUI
OPPOSE

My name is Shannon Wood, speaking on behalf of the *Windward Ahupua'a Alliance*, a 501c3 Hawai'i non-profit corporation which focuses on renewable energy and global warming issues, in opposition to SB 1718 HD1 which would provide special tax benefits to a newly-formed company in Hawai'i because their business plan calls for developing a renewable fuel resource in order to make us energy-independent.

Sounds good, but let's take a good hard look at what will be the outcomes if this bill were to pass. First, it supports indirectly the clear-cutting of tropical rainforests by utilizing imported palm oil while crops here mature. Granted, the company has promised that it will only purchase products from lands already cleared and in production, but the demand is so high that other, less scrupulous parties will go ahead with their *slash-and-burn* plans.

Second, we already have a bio-diesel business located on Maui which we should be supporting to make it grow. Furthermore, its feedstock is something far more sustainable and renewable than imported palm oil. It is already working with local farmers to develop crops which will not take land out of food production.

Third, no matter how I crunch the numbers, there is no way that supporting this business will be profitable given the high cost of shipping unless the company is planning to ship in their feedstock using photovoltaic or wind power rather than fossil fuels.

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This alone is a good reason to oppose the bill. I'd like to know if they're expecting us to subsidize their operations directly with built-in revenue enhancements - pass-along costs and guaranteed profits - via the *Public Utilities Commission*.

Fourth, bio-diesel can and should play a major role in our plans to become energy independent, but we cannot continue to ignore or downplay the needs for food security and reducing demand for electrical power.

Yesterday, the *Senate Ways and Means Committee* held the *House's* version of the bill because of these concerns. I urge that you do the same with the *Senate* bill.

In conclusion, I would like to point out that if the company's business plan is so well-thought-out, how come the *Wall Street* bond houses aren't falling all over themselves to get a piece of the action. Why are Special Revenue Bonds needed to attract private investors seeking to "go green"?

Mahalo for the opportunity to share my concerns.

ATTACHMENTS: Editorial, Honolulu Star-Bulletin, March 29, 2007; "Destruction of Forests in Development World 'Out of Control'," Jerome Taylor, The Independent/UK, March 14, 2007.

Without homegrown crops, biodiesel still will be imported fuel

THE ISSUE

A Seattle-based company is considering a biodiesel plant in West Oahu.

THE quest to reduce imports and use of fossil fuels in the islands appears to be trending toward biodiesel production with two plant proposals on the drawing board.

Though biodiesel could be developed as a strong alternative, if the raw materials from which the fuel is derived cannot be grown here, Hawaii still would remain largely reliant on outside sources for energy production.

That said, using biodiesel still would be better and cleaner for the islands than continuing our current dependence on oil and coal for electricity and fuels to power vehicles and machinery. But it should be just one component in a multipronged strategy to transform Hawaii's energy portfolio.

The Star-Bulletin's Diana Leone reports that a Seattle-based company is the latest enterprise considering the state for a biodiesel plant. Imperium Renewables Inc. has told a West Oahu neighborhood board that it plans to build a \$90 million facility on state land in the Kalaeloa area to generate 100 million gallons of biodiesel annually. That's an ambitious yield considering Imperium's only plant currently in operation produces only 5 million gallons a year.

Meanwhile, the company that provides most of the electricity in Hawaii also plans to get into biodiesel production with a plant on Maui, but it wants the state government to help out. Maui Electric Co., an affiliate of Hawaiian Electric, and its new subsidiary, BlueEarth Maui Biodiesel LLC, is asking the lawmakers to back its venture with special purpose revenue bonds.

A bill to authorize the assistance is advancing through the Legislature, but is opposed on a number of points. Among them are whether the bonds, though they do not encumber the state financially, nonetheless give BlueEarth Maui an unfair advantage in the marketplace. There also is the question of the advisability of extending the electric company's dominance in power production through its control of a fuel source.

Moreover, there already are worldwide concerns about the environmental tolls of growing the crops used for biodiesel, particularly palm oil, the demand for which has resulted in destruction of rain forests and other acreage.

For Hawaii, the best practice would be to use homegrown fuel crops. But even if all available agriculture land not already in food or other production were to be planted with feedstock, yields would not support the proposed facilities. If self-reliance in energy production is the goal, biodiesel is promising, but Hawaii must develop a diversity of renewable sources, as well.



Published on Wednesday, March 14, 2007 by the Independent/UK

Destruction of Forests in Developing World 'Out of Control'

by Jerome Taylor

Progress in forest management in the industrial world is being overwhelmed by accelerating deforestation in the developing world, a global report from the United Nations has revealed.

Many countries in Europe and North America have been able to reverse centuries of deforestation and even, in some cases, increase their forest cover, according to the UN's Food and Agriculture Organisation (FAO). But the global picture is blighted by uncontrolled felling in poorer countries - home to the majority of the world's forests.

"Many countries have shown the political will to improve forest management by revising policies and legislation and strengthening forestry institutions," said David Harcharik, FAO's assistant director-general. "Increasing attention is being paid to the conservation of soil, water, biological diversity and other environmental values."

But researchers from the FAO, which releases an annual survey of the world's forests, found that enormous tracts are still disappearing from the developing world. "Countries that are facing the most serious challenges in achieving sustainable forest management are those with the highest rates of poverty and civil conflict," said Mr Harcharik.

Europe currently has the best track record in preserving its forests with some countries showing an increase in their forest cover. In the United States and Canada, meanwhile, forest cover is considered stable. The report's authors found that improved legislation and conservation practices within the industrial world had led to the net loss of forests decreasing over the last decade from 22 million acres to 17 million acres.

Forests in the developing world still suffer from widespread deforestation primarily caused by unregulated slash and burn farming practices and uncontrolled forest fires.

"Deforestation continues at an unacceptable rate," said Wulf Killmann, a forestry expert at the FAO who helped compile the report, adding that the world currently loses approximately 32 million acres of forest cover a year.

Africa, Latin America and the Caribbean are currently the regions with the highest losses.

Africa, which accounts for about 16 per cent of the world's forests, lost more than 9 per cent of its trees between 1990 and 2005, the FAO said. In Latin America and the Caribbean, home to nearly half of the world's forests, 0.5 per cent of the forests were lost every year between 2000 and 2005 - up from an annual net rate of 0.46 per cent in the 1990s.

Forest area increased in Asia between 2000 and 2005, although the increase was limited to east Asia, where investment in forest plantations in China offset high rates of deforestation in other areas, the FAO said.

Disappearing forest cover

* Global forest cover amounts to just under four billion hectares, covering about 30 per cent of the world's land area. From 1990 to 2005, the world lost three per cent of its total forest area - 0.2 per cent a year.

* From 2000 to 2005, 57 countries reported a rise in forest area, and 83 reported a drop. Net loss at 7.3 million hectares a year.

Ten countries account for 80 per cent of the world's primary forests, of which Indonesia, Mexico, Papua New Guinea and Brazil saw the highest losses in primary forest in the five years to 2005.