

Meeting of the
HAWAII ECONOMIC DEVELOPMENT TASK FORCE

State Office Tower (Leiopapa A Kamehameha) Building
2nd Floor Conference Room #204
235 S. Beretania Street

Tuesday, October 12, 2010
1:00 - 5:00 p.m.

Members Present: Luella Costales, Garen Deweese, Sandra Kunimoto, Theodore Liu (Chair), Abbey Mayer, Jeff Mikulina, Theodore Peck (Designee), Jeanne Skog, Mattie Yoshioka, Sylvia Yuen

Members Not In Attendance: Robin Campaniano, Mark Duda, Jacqui Hoover, Jeffrey Kissel, Pono Shim, Laura Thielen

Other Attendees: Joseph Boivin, The Gas Company (representing Mr. Jeffrey Kissel), Gregg Kinkley (DBEDT Deputy Attorney General), Steve Rymsha (Kauai Island Utility Cooperative), Alfredo Lee (Agribusiness Development Corporation – Hawaii Department of Agriculture), Mary Alice Evans (DBEDT Office of Planning), State Energy Office: Cameron Black, Colleen Miller, Malama Minn, Mark Glick, Katherine Mckenzie, Estrella Seese, Josh Strickler, Maria Tome

Welcome and Food & Energy Security, Act 73(10) Presentation: Chair Theodore Liu opened the meeting by welcoming the task force members and providing an overview of Act 73(10), Relating to Food and Energy Security. A handout on the Act 73 (10) legislation was distributed to members. The ten tasks mandated by the legislative Act and the deadlines for reporting were highlighted (Section 6). The presentation entitled “Act 73 Provisions and HEDTF Administration” can be found at the following website address:
<http://hawaii.gov/dbedt/info/energy/HEDTF/index.html>

Theodore Peck was introduced as the Director’s designee in chairing the task force due to the approaching changeover in Administration.

To help the task force conduct its work James Bac advised members that the following are to apply in administering the functions of the task force:

1. The task force is subject to Hawaii’s Sunshine law. A handout on conducting open meetings was distributed to members;
2. Task force decisions require a quorum of members being present and approving any measure(s);
3. Only the legislatively appointed members named to the task force have voting rights; not their representatives;
4. Invited task force members must indicate if their representatives are permitted to vote in their place;
5. Meeting minutes will be developed and transmitted to members for review and comment; and shall be on the agenda of every meeting for approval by the task force; and
6. Forming a “Plan of Action” detailing the task/work priorities of the Task Force is envisioned as a priority. Followed by a consideration of how the Task Force will organize itself to accomplish the legislatively mandated tasks.

7. [Kinkley] Advised that communications between task force members is permitted, so long as no commitment to vote is made or sought and the members do not constitute a quorum of the task force.

Public Testimony by Steve Rymsha, Kauai Island Utility Cooperative: Mr. Rymsha pointed out the following to the task force:

1. Siting renewable energy projects on Kauai has been problematic due to lands being locked-up in long-term commitments.

Overview of Hawaii Clean energy Initiative (HCEI) Process and Hawaii 2050 Sustainability Plan: Ted Peck in his presentation indicated the following:

1. Indicative of the decline of the sugar industry is the decline in the use of bagasse in energy production;
2. “Hawaii 2050 Sustainability Plan”
 - Sustainability defined as:
 - a. Respecting our island communities;
 - b. Striking a balance among economic, social and community, and environmental priorities; and
 - c. Meeting the needs of the present without compromising future generations.
 - In working on goals:
 - a. Residents wanted a sense of urgency to be evident; and
 - b. People desired tangible targets and benchmarks.
 - Priority actions identified for Year 2020 include:
 - a. Reducing reliance on fossil (carbon-based) fuels. BENCHMARK: Renewable Portfolio Standard requirement of 20% electricity generation from renewable resources; and
 - b. Increasing production/consumption of local foods/products, particularly agriculture. BENCHMARK: *CTAHR estimates that it is reasonable to locally grow 30% of foods consumed and 85% of fruits and vegetables consumed.*
3. Hawaii’s Renewable Portfolio Standard has goals of 10% of net electricity sales by December 31, 2010, 25% of net electricity sales by December 31, 2020, and 40% of net electricity sales by December 31, 2030;
4. The voluntary agreement with HECO in 2008, to strengthen Hawaii energy independence and plan for 70% renewable energy by 2030 established credibility and built confidence in working on the HCEI goals;
5. The State’s Energy Efficiency Portfolio Standard for 2030 is 30%, which would mean 500MWs of energy efficiency measures equivalent to 4300 Gigawatt-hours of electricity saved;
6. The HCEI effort embodies a broad number of partnerships;
7. If Hawaii meets its energy goals in 2020, it will cut its greenhouse gas emissions by half;
8. One-half of the mass of imported goods is in the form of fossil fuels;

9. In an effort to conserve, recycle, and become more efficient businesses in their efforts for sustainability are increasingly evaluating turning waste-streams into feedstocks for energy and other alternative uses, and as consequent cost-reduction measures;
10. Only 25% of Hawaii homes have solar water heating, leaving a large potential still to be improved;
11. Installed photovoltaic systems doubled from 2008 to 2009, and are on track to double again this year;
12. Analysis indicates that the use of levers (leveraging) has the biggest impact for the amount of money which is spent; and
13. Deployment of more efficient energy transportation is about fleet use.

The presentation entitled “HCEI HEDTF 10-12-10” can be found at the following website address: <http://hawaii.gov/dbedt/info/energy/HEDTF/index.html>

Agriculture-Energy Case Studies: Cameron Black briefed the task force on:

- Operational and proposed agricultural – energy projects in Hawaii;
- Learning from ethanol; and
- Supporting agricultural-energy efforts.

In the presentation the following remarks were offered:

1. The ability to retain Hawaii’s agricultural labor force has been aided by diversified initiatives in aquaculture; ag – energy crops; and mixed-use arrangements, e.g., cattle grazing and wind-energy production;
2. Adapting crops to the land, instead of adapting the land to crops has provided inherent properties in the land to be tapped for advantage, e.g. less water usage;
3. Currently, it is cheaper to import ethanol, than it is to grow crops for and thereby produce ethanol;
4. Two competing philosophies in ethanol production development: “Start small to prove it will work;” “Start big to allow for economies of scale.”
5. Reclamation of secondary water sources for agriculture is an on-going supporting initiative.
6. Energy efficiency audits to assist small agricultural facilities are also becoming a more common supporting measure.

[Kunimoto] Cited the Department of Agriculture’s “Important Agricultural Lands” process, which identifies, maps, and designates important agricultural lands throughout Hawaii.

The presentation entitled “HEDTF Ag En Projects” can be found at the following website address: <http://hawaii.gov/dbedt/info/energy/HEDTF/index.html>

Suggestions for Next Agenda:

[Skog] Suggested presentations from each County, particularly on agricultural initiatives.

[Yoshoka] Questioned whether the Task Force had time to do County presentations due to the need to prepare a legislative report for the upcoming 2011 legislative session.

[Chair] Suggested a need to prioritize tasks and develop a Task Force draft of the 2011 Legislative report. Also, asked, whether the Department of Agriculture could summarize food security issues.

[Kunimoto] Advised that the Department of Agriculture report mandated by Act 73(10), Section 7, would not be ready for review until the third week of November. However, a short brief of the standing food security issues could be prepared for the next meeting.

[Mikulina] Suggested that DBEDT staff identify within the ten tasks what is there, synergies, and any gaps.

[Yuen] Agreed with Mikulina on drafting responses to the ten tasks for the next meeting.

[Skog] Asked the Chair whether he was envisioning a Task Force progress report?

[Chair's Response] Envisioned a work plan with preliminary conclusions, which the Task Force would work to validate and develop legislatively.

[Yoshioka] Indicated that the Task Force needed to lay out a process for accomplishing the ten tasks.

[Chair] Task Force needs to build a well-laid out plan.

[Skog] Indicated she is wary of preliminary conclusions, due to people viewing them as other than preliminary. She agrees with Mikulina's idea of bringing to the Task Force at the next meeting drafts of what is there and any gaps. Also, she pointed out that the suggested legislation in the Ag – Energy Case Studies presentation needs to be brought back and understood by her members before any recommendation could be made.

[Mikulina] That a minority report may be necessary, if consensus is not possible.

[Kunimoto] Pointed out that agricultural crops change over time. Also, that an atmosphere of distrust in the past was due to energy's view that it had precedence over agricultural concerns. However, she did acknowledge that energy firms are beginning to demonstrate recognition of agricultural issues.

[Chair] Indicated, his desire to have Task Force members engaged in addressing the ten legislatively mandated tasks.

[Skog] Expressed that there should be a common understanding [definition] of the tasks among the Task Force members.

[Kunimoto] Task Force needs to ensure Ag, HCEI, and HEDTF reports dovetail.

Status of Act 73(10) Special Funds:

[Kunimoto] Department of Agriculture's approximately \$3.3 million current allocation (FY10-11) has been ear marked through line items by the Legislature for specific expenditures.

[Chair] DBEDT is developing an expenditure plan for the current \$3.3 allocation (FY10-11), which in part needs to cover personnel costs.

[Chair] HNEI is expected to receive \$2.2 million in the current allocation (FY10-11). An expenditure plan will need to be developed for these funds.

Next Meeting: Tuesday, October 26, 2010, 2-5 p.m., Ewa 4th Floor Library, No.1 Capitol District (Hemmeter) Building, 250 S. Hotel Street.

See attached Meeting Agenda.

Adjournment: The meeting was adjourned at 4:45 p.m.