



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

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Testimony of
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before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

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10:00 AM
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**SUPPORT
HB 2409
RELATING TO THE ECONOMY.**

Chair Quinlan, Vice Chair Holt, and Members of the Committee, the Hawai'i State Energy Office (HSEO) supports HB2409, which establishes a public policy framework that addresses state goals in the areas of economic disaster mitigation, economic diversification, import substitution, and community development and appropriates moneys to the Department of Business, Economic Development, and Tourism (DBEDT) to implement specific projects that address those goals.

Act 122 in 2019 established HSEO as an agency attached to DBEDT with a mission to transition Hawai'i to a resilient, clean energy economy through the promotion of energy efficiency, renewable energy, and clean transportation. HSEO works closely with DBEDT and other state and county agencies, businesses, labor organizations, and communities to develop policies, programs, and projects to accomplish this mission. The collaboration with the Legislature and development of the policy matrix called for in the bill will assist HSEO in these efforts.

HSEO would like to offer for the Committee's consideration two items to further the purpose of import substitution as described in section 2(a)(4) in the bill:

- \$10 million to fund the Sustainable Aviation Fuel program in the Hawai'i Technology Development Corporation (HTDC) as established in [Act 180, Session Laws of Hawai'i \(SLH\) 2021](#).

- \$5 million to accelerate the state fleet transition to zero emission vehicles as set forth in [Act 74, SLH 2021](#).

The Sustainable Aviation Fuel program established in HTDC is currently unfunded. Act 180, SLH 2021, authorized HTDC to provide matching grants to any small business developing products related to sustainable aviation fuel or greenhouse gas reduction from commercial aviation operations. These grants can support business development, technology development, engineering, and research toward sustainable aviation fuel production, airborne operations fuel efficiency, ground support equipment fuel replacement and fuel efficiency, and operational improvements to reduce overall jet fuel consumption. All of these activities involve a high-skilled workforce and promote economic diversification.

Moreover, nearly one-third of the energy consumed in Hawai'i is for jet fuel, the majority of which comes from imported crude petroleum refined in state. Advancing sustainable aviation fuels would reduce Hawai'i's reliance on imported oil, further keeping dollars at home instead of supporting hostile governments around the world and exacerbating climate change. HSEO is aware of several businesses exploring sustainable aviation fuel options for Hawai'i. Funding this program would be an important market signal that Hawai'i supports this type of innovation and energy security.

Act 74, SLH 2021, established a goal for the State to transition the State's light-duty passenger cars to 100% zero emission vehicles by 2030 and all light-duty motor vehicles by 2035. The State, through the Department of Transportation, currently has a contract in place to lease zero emission vehicles and charging/fueling infrastructure as a service. This arrangement saves the State operational and capital improvement project dollars, in turn saving taxpayers money. Further, this positions the State to lead by example in the broader transition to zero emission vehicles, reduces reliance on imported gasoline and crude oil, and improves energy security.

Appropriating monies to DBEDT for these specific projects would further align the State with becoming a resilient, clean energy, knowledge-based, zero-emission, digital

economy while putting Hawai'i on the path toward more economic prosperity by keeping local dollars home instead of being exported to import fossil fuels.

HSEO defers to the appropriate agencies on the administrative requirements in the bill.

Thank you for the opportunity to testify.