



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

235 South Beretania Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone:
Web:

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

MARK B. GLICK
CHIEF ENERGY OFFICER

(808) 451-6648
energy.hawaii.gov

Testimony of
MARK B. GLICK, Chief Energy Officer

before the
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Thursday, April 11, 2024
9:00 AM
State Capitol, Conference Room 325 and Videoconference

In Support of
SCR 97, SD1

**REQUESTING THE HAWAII STATE ENERGY OFFICE TO CONVENE A
RENEWABLE LIQUID FUELS WORKING GROUP TO STUDY LOCAL
PRODUCTION, DEVELOPMENT, AND INCENTIVES FOR RENEWABLE LIQUID
FUELS.**

Chair Lowen, Vice Chair Cochran, and members of the Committee, the Hawai'i State Energy Office (HSEO) supports, with amendments, SCR 97, SD1, requesting HSEO to convene a renewable liquid fuels working group to study local production and potential incentives for renewable liquid fuels for use in the transportation sector.

Hawai'i's energy strategy seeks to establish an affordable, clean, resilient, and diversified energy resource portfolio. Locally-produced renewable fuels should play a vital role in the energy mix needed to decarbonize the transportation sector and contribute to Hawai'i's 100% renewable portfolio. However, land availability severely limits the amount of local production towards Hawai'i's economic, energy and agricultural objectives. HSEO agrees with the merit of convening local experts to identify potential opportunities, synergies, and barriers for these fuels.

Renewable liquid fuels have the potential to decrease carbon emissions from transportation, especially in aircraft and medium and heavy-duty vehicles. However, the Decarbonization Report prepared by HSEO pursuant to Act 238 (2022) and submitted to the Hawai'i Legislature in December of 2023 pointed out that renewable liquid fuels

have widely varying environmental and cost profiles, depending on a variety of factors.¹ The proposed working group could bring together the appropriate energy stakeholders to meaningfully engage in a review of resource base potential and the most appropriate approaches, strategies, realistic quantities, and associated incentives and recommendations for local production of renewable liquid fuels.

HSEO notes that the scope for this unfunded, multi-part evaluation, involving numerous parties, is very broad. In order to provide a more focused evaluation, consistent with the stated objectives of the resolution and with a greater chance of reportable results within the timeframe, HSEO recommends narrowing the scope; providing for an interim report, with recommendations, by January; and providing a final report twelve months later. This way, any topics that are still under discussion in the first phase can be presented in draft form, at least, by January, including supporting information as it exists at the time.

In support of this, HSEO respectfully recommends the following changes to the measure.

To narrow the scope to focus on fuels for the transportation sector, HSEO recommends removing the text on page 3, lines 4 through 9:

~~(3) A representative from Hawaiian Electric;~~
~~(4) A representative from Hawaii Gas;~~
~~(5) A representative from the Kauai Island Utility Cooperative;~~

To further clarify and narrow the scope, HSEO recommends that the working group topics (1) and (2) be combined, (3) be revised, and (4) be deleted from this measure due to time and resource constraints. Beginning on page 3, starting on line 25, the new item would read as follows:

¹ Hawai'i State Energy Office (2023). Hawai'i Pathways to Decarbonization Report to the 2024 Hawai'i State Legislature Act 238 (SLH 2022). Available at: https://energy.hawaii.gov/wp-content/uploads/2022/10/Act-238_HSEO_Decarbonization_FinalReport_2023.pdf pages 105 and 113

BE IT FURTHER RESOLVED that the working group is requested to:

- (1) [Facilitate] Identify potential feedstock and production technologies suitable for the local production of renewable liquid fuels, including renewable diesel, naphtha, and sustainable aviation fuels;
- (2) ~~[Identify potential feedstock and production technologies suitable for production and use within the State;]~~ Identify costs, benefits, and risks of local renewable liquid fuel production; and
- (3) Evaluate existing and potential new ~~[tax]~~ incentives for the development and utilization of renewable liquid fuels in the State~~;~~ and
- ~~(4) Evaluate the adoption of a clean fuel standard to incentivize the use of renewable liquid fuels];~~

To enable the production of an interim report with recommendations by January, including supporting information as it exists at the time, HSEO recommends the following insertion on page 4, line 5:

BE IT FURTHER RESOLVED that the working group is requested to submit to the Governor and Legislature ~~[a]~~:

- (1) A report providing an update of its work and progress no later than January 1, 2025; and

To ensure time for report production, HSEO recommends the following revision to page 4, lines 5-7:

- (2) A final report of its findings and recommendations, including any proposed legislation, no later than January 1, 2025~~6~~; and

Finally, for consistency with the focus on transportation, HSEO recommends the following deletions on page 4, beginning on line 16:

~~President and Chief Executive Officer of Hawaiian Electric;
President and Chief Executive Officer of Hawaii Gas; and
President and Chief Executive Officer of Kauai Island
Utility Cooperative.~~

HSEO is committed to the near-term development of effective solutions for renewable liquid fuels that foster affordability, lower carbon intensity of our existing fuel mix, and energy security and access to capital to move forward Hawai'i's energy transition. HSEO looks forward to supporting this sector of the energy economy.

Thank you for the opportunity to testify.