

## **Business, Economic Development, and Agriculture Stakeholder Meeting**

Date: April 27, 2009

### **Attendees**

#### **Stakeholders:**

Andy Friend, *Kealia Kealanani*  
Bill Allanach, *Pacific Missile Range Facility*  
Bret Erickson, *Pioneer Hi-Bred International Kekaha*  
Doug Tiffany, *Syngenta Hawaii*  
George Costa, *County of Kauai*  
Glenn Sato, *County of Kauai*  
Howard Greene, *Gay and Robinson*  
Jack Benzie, *Pacific Missile Range Facility*  
Jason Hasenberg, *Sheraton Kauai*  
Jay Furfaro, *Kauai County Council, EPAC*  
Jerry Ornellas, *Kauai County Farm Bureau*  
JoAnn Yukimura, *EPAC*  
Jody Kjeldsen, *Poipu Beach Operators Assn.*  
Joel Matsunaga, *Hawaii Bioenergy*  
John Latkiewicz, *Small Business Development Center*  
Laurel Loo, *Attorney*  
Laurie Goodwin, *Syngenta Hawaii*  
Leanne Baumung, *Kauai Youth Network*  
Pat Griffin, *Lihue Business Association*  
Randy Francisco, *Kauai Chamber of Commerce*  
Ron Morin, *Senter Petroleum*  
Roy Oyama, *Kauai Farm Bureau*  
Sandi Kato-Klutke, *Kauai Farm Bureau*  
Scott Giarman, *Kauai United Way*  
Sue Kanoho, *Kauai Visitors Bureau*  
Susan Tai, *Kauai Economic Development Board*

#### **SENTECH Hawai`i Team Members:**

Diane Zachary, *Kauai Planning & Action Alliance*  
Douglas Hinrichs, *SENTECH Hawai`i, LLC*  
Marguerite Harden, *SENTECH Hawai`i, LLC*  
Rayne Regush, *Kauai Planning & Action Alliance*

### **Notes**

#### **Baseline Data**

- What are you considering for your baseline year for your goal?
  - You should possibly consider using a baseline that is an average of 2-3 years. Peak use of energy for the visitor industry was 2007.
  - Don't average years because it will not be transparent how you came to that number. Pick one year.
  - We plan on being very transparent and flesh out all details of how we come to our numbers

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- Looking at different pay-back models? Take advantage of grants, incentives and therefore risk to reduce cost.
- Other products besides algae are being tested but the economics are not worked out for Hawaii.
- Lihue Airport is at capacity for fuel storage. This limits growth in tourism.
- KIUC assumes a 20% growth rate over 5 years; need to take new building codes into account.
- Feed-in Tariffs - HECO open docket is not going well. HECO's stance would not meaningfully advance renewable energy development. There is a cap that does not help large renewable energy developments. The Feed-in Tariffs need to incentivize large projects.
- KIUC chose to be regulated by the PUC when it was started. KIUC could not apply for deregulation for the past 5 years but now they can, so that their prices could fluctuate more.

### **Vision**

- "Integrating the waste stream into renewable energy production" should be reconsidered.
  - Redefine integrating the waste stream to not include municipal solid waste (MSW). What everyone is forgetting about is "What if we have a hurricane?" What are we going to do with all the debris that is generated?
- Delete equestrian. Kauai has had difficulty in the past with integrating equestrian travel into the current bike and pedestrian pathways.
  - Equestrian travel is not a mode of transportation outside of recreation.
- There should be a statement on the survivability of energy infrastructure if there is a natural disaster. As we are developing renewable energy, maybe we should say that we are vulnerable to natural phenomenon.
  - Define survivability: something that will last after island damage.
  - Survivability-- should include the term "resilience." Should consider reliability of grid assets and having distributed energy rather than one central unit. (Don't put all our eggs in one basket).
- Should also define the term sustainability.
  - This will be gone over in the environmental/sustainability stakeholder meeting that is coming up in the afternoon.
- Missing a target. Need to decide the percentage by the year.
  - This is considered in the goal, not the vision.
- Need to make these steps economic. There was a mill that provided 30% of Kauai's energy.
- We are going to look at projects that KIUC is considering now. We are considering HRS-269, FITs, cap and trade, etc.
- Concerned that we are not considering aviation fuel in our project; it is not in the statement of work (SOW) for the Plan. The Big Island plan did consider aviation.
- Net-metering is called a Schedule Q. May not be a solution. Need profitability incorporated into the vision.

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- Vision statement: should balance food, fuel, and fiber. We need to consider building materials and clothing. The GMO debate does not affect energy and distracts people from the main issues.

### **Goals**

- In KIUC Graph- What is MSW? Is it landfill gas? Is it new technologies? (Doug's answer: This is a "wish list." There is a technical opportunity, but not necessarily economic).
- The KIUC Graph is apples and oranges. Not enough information to decide if the KIUC 50% goal is good.
- From a business perspective, 10 years may be too short to plan, finance, site, permits & get mechanics and materials on island. 100% RE by 2030 is too aggressive.
- Problem with PV is KIUC's policies for net-metering. If it is not a commercial project it does not have the same tax.
- 3.7 GWh are available from currently considered KIUC projects
- Credit and financing of projects is a big issue.
- We need two goals if Transportation and Electricity make up the entire energy picture.
- You can roll electricity and transportation together like they did in the Hawaii Clean Energy Initiative (HCEI).
- We need transportation data. Biggest issue with HCEI is transportation; considers EV's but not land use and growth patterns. Does not use vehicle miles traveled.
- Utility's ability to absorb is a key factor. The case with HECO and Maui is interconnection through an inter-island cable; that is not available for Kauai.
- Is KIUC structure standing in the way? Decoupling is an issue.
- Since Kauai is not going to be tied into a larger cable, we need to be somewhat capable of using oil. A hurricane could force us to use oil.
- Bioenergy can be seen as storage according to Maria Tome of the Department of Business, Economic Development, and Tourism.
- A biofuel crop in the ground is much more secure than oil being shipped from outside sources during a disaster
- Need resiliency and redundancy.

### **Land Ownership**

- The state needs to be listed. Department of Hawaii Home Lands and Kamehameha Schools should also be added.
- No guarantee that there will always be an ethanol market. Biodiesel has the same scenario. Political will needs to step in for a floor price for ethanol.
- These decisions need to be made regardless of the price of oil. One petroleum company is looking at energy, not just petroleum. Petroleum should not be used. We need to stay on track to come to solutions before we run out of oil. Need to take away the volatility.

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### **Potential Outputs**

- Wave is also available for energy.
- In October, Gay & Robinson will have their final sugar harvest.
- Coffee, seed industry, etc. comes into the picture. It makes Kauai residents nervous to think that solar farms will come in and take over land currently used for agriculture.
- Need to identify water sources and availability on the island.
- How does the Genetically Modified Organism (GMO) topic influence this discussion?
- The land here in Kauai is best for condos economically. Who is going to pay the most for the land? The issue is: Food/Fuel/Development.
- Landowners need a blended rate of return that will sustain them. There is no one right answer.
- Tourism is down 25% in Kauai.
- A stable oil price and a good permitting process are the things that are going to encourage people to use land. Cannot assume that good agriculture lands can be used for energy. Class A, B, and C land can be used for Ag. These classes are defined by the state.
- Cannot make the decision of energy vs. ag.
- 124,000 zoned ag land in Kauai. It would take 16,000 acres to be completely local ag. That leaves a lot of land. Need to plan for future growth. But not all ag zone land can grow plants for fuel.
- Our land currently cannot grow for food or fuel because neither are economic right now.
- Fertilizers are largely dependent on fossil fuel.
- All land here in Kauai is graded. We are mandated to do an ag land study. Low end of 16,000 acres for food, there is a high end at 34,000 acres for food. Food v. fuel should not be the first statement, but it is a current and sensitive topic.
- Energy and Ag go together. If you don't have affordable energy, Ag can't be profitable. It is only either/or with corn ethanol.
- Could have access to data through Chevron.
- If we could get back into the production of sugar, couldn't we use it for energy that would make it more cost effective?
- Hydro output is as high as it has ever been. Ditches are there for hydro but pipes & turbines are needed. They have not been developed because of permitting and lower return on investment. Value of ag land has historically been based on what the value of sugar has been. It is difficult to value land with looking at water. Waioli Ditch court decision determined \$.35/1,000 gallons.
- Take hydro energy where you can and then the tail water goes into the farms.
- Sugar now has no value. The only way to get more value is by raising the cost of oil. Need a new valuation system to determine value of RE.
- The artificially high price of oil will change people's behaviors.
- Re: local job creation: Study for large-scale ethanol (using a model) showed a significant multiplier effect. Direct benefits are local jobs created, but must be profitable.

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- Build up a local workforce pool.
- How much money is going out to pay for oil? If more money can re-circulate on the island, it would keep local economy strong.
- In Canada, renewable energy works through either a carrot or stick, i.e., incentives or legislation.
- In the area of transportation, there are strategies called "time-based pricing" that deter vehicle use, such as parking fees.
- Europe has put a floor on oil by charging much more taxes per barrel of oil. The residents of Kauai would not support that.
- Typically, urban areas subsidize the bus by 70%. On Kauai it's 82%; the county recovers only 18%. Need to change the market for this to change.
- Workforce development board has considered that hiring local people saves businesses money. More employee satisfaction, longevity of employment. Supporting education will develop more green jobs and solve the social equity issue of this.
- RE development has been based on economics. Responsibility to do what is right cannot be quantified, but has played a role.
- Regulation for bottle redemption ended up being a win-win for the employees collecting the bottles for cash and the business for reduced tipping fees.
- Mandate (charging for extra trash pick up) was required to reduce trash.
- As a farmer, he would like to stop hearing the talk about biofuels. Keep it simple and specific to Hawaii.
- Education must be a component to get people to understand the issues and have a willingness to pay. Have identified crops with high potential versus those those that are unfeasible due to production issues.
- Need to incentivize biofuels.
- Have to pay for biofuels somehow. Hates to hear about fuel vs. food. Let's have one of them work. No matter how much ethanol he creates on the island, he will always be able to buy it cheaper from another place. Need to create our own markets.
- ERAC- energy rate adjustment clause.
- Need to pay more now and invest in clean energy. "Deferred gratification." Like spending money to go to college. Need to educate residents about short term sacrifice for long-term benefit; show cause & effect. Need to take away oil subsidies.
- At end of this process he hopes there will be objective proposed legislation for the county act on.
- Taxing at the pump can help internalize the externalities that O&G result in. Pay now or pay later.
- Ask Jerry Ornellas/East Kauai Water Users Cooperative about water costs at \$.28.
- On land map, need to identify cultural sites with kupuna assistance – Wahi Pana (sacred or significant cultural places).
- Get Hoike to broadcast our meetings.
- There are no easy answers. Economy is the foundation for the island. It has to be profitable for us to move forward.

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- There needs to be balance. There is no one right answer. May have to adopt technologies that do not address every concern, but over time it may (example, cell phones and laptops).