

Large Landowners Stakeholder Meeting

Date: April 28, 2009

Attendees

Stakeholders:

Dee Crowell, *Princeville*
Howard Greene, *Gay & Robinson*
Owen Moe, *Gay & Robinson*
Mike Tresler, *Grove Farm*
Stacey Wong, *Knudsen Trust*

SENTECH Hawai'i Team Members:

Diane Zachary, *Kauai Planning & Action Alliance*
Douglas Hinrichs, *SENTECH Hawai'i, LLC*
Diane Rosenkranz, *Kauai Planning & Action Alliance*

Notes

Vision

- Add Kauai as a leader in energy self-sufficiency for others, beacon and role model for others, testing ground.
- Regarding Feed in Tariff - Kauai starts studying something from scratch and doesn't reach out for best practices from other communities. This plan should provide model of other small communities around the world and take their learning curve and apply it to specifics of Kauai
- Referring to the statement about balance between affordable renewable energy and wild-life – delete the wording that we will comply with law as it is unnecessary
- We don't want to enhance all wild-life on island; there are some species such as feral pigs, chickens, etc.
- Instead of wild life, say environment

Goals: Can we be 100% Local Energy?

- Depends, Kauai has a lot of "Not in My Back Yard" (NIMBY) people will say no to higher costs, even if it is renewable.
- Discussion of KIUC goals are always circling around, major challenges such as permitting can be overcome. But when KIUC wants to own all projects-that's a huge stumbling block because they don't own the land and land is very expensive. KIUC does not accurately assess true costs because their current system projections are based on land and/or buildings and infrastructure that they inherited from KE. KIUC doesn't have right to risk co-op members money to own these projects and compete with private businesses. KIUC has not really developed projects on its own, just inherited. They are not capable of doing projects on their own. They cannot use tax credits, since they are a nonprofit.
- KIUC doesn't want to develop system.
- KIUC needs to stick with distribution and retailing; they don't need to own; they are the gatekeeper and will have a hard time acquiring land.
- KIUC needs to be clear about not having a conflict of interest with power developer, shouldn't be looking for land; this scares developers and businesses. If

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this issue is not clear, their plans won't work. Go strictly with Power Purchase Agreements (PPAs) and do not head in the direction of developing power themselves, just stick to what they do – the distribution of power.

- Back in 1970's Kauai was 70% self-sufficient because of plantation inputs (not sure of exact number). So it is possible for us to become self-sufficient. KIUC should do some projects and own it entirely, but not own projects on Kauai. Let landowners own some projects.
- Proponent for keeping money on island rather than sending money off-island. Self-sufficiency means we may pay a little more, but money stays here. We need to further de-couple ourselves from oil. In the long run and bigger picture as a society, we are better off. Offer floor prices we will pay for locally produced energy sources; offer different prices for off-island producers to support local.
- As large landowners, want to maximize revenue per acre. New agreement to lease 3,000 acres to PacWest. Only about 10% of land will be used for seed corn. Cover crops to keep down soil on remainder, so we could use those cover crops as source of bio-fuels, such as clover, peanut, etc.
- Commercial development and corn seed companies currently subsidize land. Solar is tough as far as return from landowner equity and rent position. Concentrated Solar Power (CSP), algae, hydro projects are good for diversification. Hydro is priority. Bio-mass is not worth it because they take a lot of land. Gay & Robinson is closing; start-up costs will be expensive.
- Don't agree that we are in drought; weather is cyclical and in general rainfall is not decreasing.
- Jatropha would require a new harvesting system. Water distribution and harvesting distribution systems vary depending crops. Example: The Chinese tallow tree has oil in seeds; you can light a seed and it will catch on fire. They used it on Maui, but didn't work because they didn't have the harvesting system.
- Whole state only needs 13,000 acres to acquire food self-sufficiency in fruits and vegetables.
- How do you choose which property uses what? Joint land use agreement, provide water and sewage capacity for landowner (for resident) so it covers. Seed corn is worth it because of this. Solar is knocking on large land owners' door. One participant ask them "How long do you want land, I will cut you a deal for 25 yrs., then you have to get out because we should have water and sewage by then, and then we want to develop homes." They are looking 30-40 yrs out from now. KIUC should leave entrepreneurs alone because when you put your own money at risk, you do our homework.
- Farmers don't go into farming because they aren't marketing experts, but because they are farmers. We need training for how to sell and who to sell to. We have enough land, they just need the expertise.
- Ag co-ops have failed, that's why large landowners should get involved to help farmers with marketing, branding, expertise, etc. One landowner is offering this.
- Question if the business model for family farmer is profitable and sustainable - how hard do they have to work to get a return? Hear the warm and fuzzy reasons for why we should be food self-sufficient and many people should farm, but is it really realistic economically? Why does someone want to work that hard for such

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little return? Most farmers are part-time because they cannot support themselves just on farming; most have other jobs. All farmers need to organize but in history it hasn't worked out.

- Business model of Ag. Seed guys - won't share all numbers, but price they get per acre of product per seed corn is way higher than they could get for food self-sufficiency food crops. The ag seed companies have high paying farm jobs. Would hire Kauai students, but they need to get educated in this field and then come home. There's no support for ag education.

Baseline Analysis

- US Energy Department has projections of oil prices and inflation happens. KIUC basing their policies on future projections. It would be helpful to have some forecast of multiple possibilities of price of oil in 20-30 years, then figure out what the ramifications and impact on tourism and other industries on island would be. Would be helpful to have graphing of price of oil and impacts of that on decision-making.
- Used to do energy analysis in past and forecasting is kind of throwing darts. Were able to forecast bottlenecks, but then after that (2-3 years) all you can do is some kind of dotted line; it gets fuzzy at that point. No way can KIUC can hire expertise to forecast oil prices, but what they should do is work with mainland to hedge their bets. We need to get private consultant into biz models of each enterprise, home farmer or power plant operator and determine if their models can really economically support themselves. Rubber hits the road when it comes to money. KIUC has to get out of the power generation business. This would allow them to remain open to various different types of production and not put themselves at risk, just go with technologies that makes sense at the time.
- KIUC tries very hard to decouple against oil.
- Green energy guys, they sell X amount \$/ Kilowatt hour – if they ask do those numbers work over time and is there a reasonable rate of return, then they don't have to worry about where oil price goes. It has to make economic sense.
- Problems with individual contracts - we need to post floor price for all types of producers no matter what their various technologies are. Have caps.
- It cannot be because they are different technologies. KIUC is too small to post price.
- Power plants are getting old - so you have to plan to replace within 30-40 years from now. Fossil fuels will run out and these plants are set up these types of fuels.
- In the near term will have to ship in bio-fuels, because it could take 10 years before crops reach harvest.
- Permitting and siting can take a lot of time - but can improve if the community wants it. However there will have to be support from community.
- Would not have total community support for bio-mass because there are toxic emissions.
- Would it help to move beyond the serial review process we currently use to a joint review of projects with all departments?
- That should speed things up.
- There will always be someone who will complain, which causes delays.

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- Kauai generates a ton of hydro on the island- surprised there's not more hydro.
- There is always a trade off - never a pure system. It's not all or nothing, no free lunches with whatever system we buy into. Problem with status quo- people don't like change. NIMBY-ism.
- In regards to consensus and implementing plan, need to ask question, and don't leave until we get an answer. Nail people down to reality, we all live in community together and have to go with majority.

Strategies

- Community awareness, stakeholders have to buy in, 80-90% agreement. Need to instill sense of urgency for people, otherwise they don't want to participate.
- Status quo is bad now- get them to believe it's bad now in order for them to want change. Can't focus on just price of oil; look at what happens when oil goes back up, what are other options?
- Can't wait until oil hits the ceiling prices because then it will be too late. Kauai is small in regards to global stage. We don't build cars, we import cars; we export our students to be educated as doctors. Sustainability is nice, but food and energy sustainability is only a small part of the economic pie. We cannot change market because we don't show up on supply/demand curve on world market. Too small of a player. Sustainable ag stuff is bunk - even for large scale farming because earning ratio is low. One potential investor group is in a holding pattern and doesn't really make money on ag production for their land.
- Why should we be sustainable in food or energy when we don't sustain ourselves in other ways? This is not doomsday - it's highly unlikely that we will be completely isolated.
- Worthwhile endeavor to do sustainability plan for energy because it is opportunity to insulate island from oil price shocks. KIUC is most important player. On the food side - come up with models that work; so far haven't seen anything work. Corn seed companies work. Vegetables don't create value-added market. Rate of return is not enough. Aquaculture does have higher rate of return.
- Can't keep kids on island, opportunities are NOT available to them in terms of jobs and home prices are really high.
- Lihue is where jobs are, need plan to have jobs near affordable housing - smart growth principles. Zoning is the demon problem.
- Paradox - to reduce environmental impact, need high density urban environment. We are rural and have to drive far distances. People don't want to change the way Kauai looks. Lihue could be mixed use - already somewhat set up for commercial, residential, schools etc. Need higher density areas. Make use of current zoning laws.
- Development plan of Kauai is based on plantations. No building higher than coconut tree does disservice to high density.
- May need high density living for children and elderly.
- The November 2008 Sustainable Design Assessment Team recommendations for Lihue dovetail with what we're talking about here.

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- Permitting is slow, difficult and costly. Mayors have tried various models and it hasn't worked. When private landowners say County is being reasonable, that's when you know permitting has improved.
- County is damned if they do and damned if they don't because people are always going to complain about who they issue permits to.