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Ethanol hui will boost Island industry

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Efforts by the state to build an ethanol industry in Hawai'i got a boost yesterday with the announcement that three major Island landowners will jointly develop technology to turn green waste into the alternative fuel.

Grove Farm Co., Maui Land & Pineapple Co. and Kamehameha Schools will combine with other partners to form Hawai'i BioEnergy LLC, said David Cole, chairman, president and CEO of Maui Land & Pineapple.

With oil prices reaching \$78 a barrel this month, Hawai'i is looking for ways to break its dependence on imported energy. Ethanol, a grain-based fuel, appears to offer some hope.

"Let's connect the fact that we have a lot of abundance on the land side with the fact that we have scarcity on the affordable-energy side," Cole said. "As the most isolated place on Earth, it would be foolhardy not to start plotting a solution of our own."

Hawai'i BioEnergy will research the best type of crops to use, processing systems, costs and timetable to bring biofuels to consumers in Hawai'i, Cole said. He declined to say how much the partners have invested in the venture.

Six companies have announced plans to produce ethanol in Hawai'i, but none is currently manufacturing the fuel locally. The state offers the most generous ethanol tax incentives in the country, including a 100 percent tax credit for plant construction.

Since April, most gasoline sold in Hawai'i has contained 10 percent ethanol under a state mandate. Although the law was intended to help reduce the state's dependence on outside oil, all ethanol is currently being imported.

Ethanol companies say they haven't built their local plants yet because they continue to wrestle with permitting requirements and critical questions such as whether to use locally grown sugar cane or import other ethanol "feed stocks," such as molasses or corn.

ALTERNATE PRODUCTION

Most of the ethanol companies in Hawai'i plan to build plants that use liquid extracts from sugar cane or corn to produce the fuel.



David Cole

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Hawai'i BioEnergy will join another company — 'Aiea-based ClearFuels Technology Inc. — in exploring a different way to make ethanol, using plant material or cellulose.

The use of cellulose to make ethanol promises to be more efficient than current techniques and will not require the diversion of food products such as molasses to the production of ethanol.

So far there is no large-scale production of ethanol from green waste, though the technology seems promising, said Maria Tome, an alternativeenergy engineer with the state.

Interest in exploring the technology by Kamehameha Schools and the other members of Hawai'i BioEnergy is good news, Tome said.

"It definitely is an encouraging development," Tome said. "They seem to be a very serious group, so it will be very interesting."

Bob Shleser, chief technical officer for ClearFuels, said the Hawai'i BioEnergy entry into the market is good for the state.

"I think anybody who can get into this thing and produce ethanol and reduce our dependence on imported oil is doing the right thing," Shleser said.

ClearFuels hopes to begin producing ethanol from bagasse on Kaua'i by mid-2007.

LINGLE LAUDS EFFORTS

Gov. Linda Lingle yesterday praised the efforts of biofuel companies, saying they could both ease Hawai'i's dependence on imported fuel and keep more money in the Islands.

"Instead of paying an oil field worker somewhere on the Louisiana Coast, we'll pay someone who's working in the ethanol business right here in our own state," Lingle said. It will also "give us an opportunity to keep the open space that everyone loves so much."

Lingle's administration has organized a biofuels summit for Aug. 22. Ted Liu, director of the state Department of Business, Economic Development and Tourism, said he has received six to eight proposals from out-of-state interests in the last three months about producing biofuels in Hawai'i.

"These are very reputable companies that have track records and are well capitalized," Liu said. "They're not asking for anything from government."

Each of the proposals, he said, involve "growing the crops locally, processing the crops locally, converting the crops into ethanol or biofuels locally. That's what drives our interest. If someone said, 'We only want to do imports,' we wouldn't be interested."

Cole of Maui Land & Pine said a key to developing the industry is having the major landowners involved.

"Whatever solution we settle on to begin to drive toward energy independence in Hawai'i will require major landowners to cooperate, just as happened with the Hawai'i Sugar Planters Association in the 19th century and just as we did here in Hawai'i with the Pineapple Research Institute in the 20th century," Cole said. "So this is your 21st-century collaborative effort by major landowners."

BRAZIL CONNECTION

Cole said other landowners have been invited to participate in Hawai'i BioEnergy.

In addition to the three landowners, Hawai'i BioEnergy includes Vinod Khosia, co-founder of Sun Microsystems and a renewable-energy venture capitalist; Brasil Bioenergia, formed by Brazilian industrialist Ricardo Semler; and Tarpon Investments, which deals with Brazil's energy sector.

Cole said Hawai'i's biofuel efforts can benefit from the experience of Brazil, a world leader in ethanol production, which is on track to become energy independent this year.

While the greatest demand for ethanol now is to fuel cars, it also could be used to generate electricity. Hawaiian Electric Co. recently announced that it wants to use ethanol in a planned power plant at Campbell Industrial Park, which would generate local demand for another 7 million gallons of ethanol annually starting in 2009.

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