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STATE OF HAWAII | KA MOKU'ĀINA 'O HAWAII'
DEPARTMENT OF TRANSPORTATION | KA 'OIHANA ALAKAU
869 PUNCHBOWL STREET
HONOLULU, HAWAII 96813-5097

IN REPLY REFER TO:

HAR-PM.0002183.23

October 23, 2023

Ms. Dawn N. S. Chang, Chairperson
Board of Land and Natural Resources
Kalanimoku Building
1151 Punchbowl Street
Honolulu, Hawaii 96813

Dear Ms. Chang:

KAUAI

Authorize the issuance of a month-to-month Revocable Permit (RP) and a new 55-year Lease by direct negotiation to The Gas Company, LLC, for a non-exclusive subsurface pipeline easement, four cathodic beds, and a valve box for the storage and distribution of liquified petroleum gas (LPG), situated at Pier 3, Nawiliwili Harbor, island of Kauai, Tax Map Key (TMK) Nos. (4) 3-2-003:041 (P), (4) 3-2-003:001 (P), (4) 3-2-003:007 (P), and (4) 3-2-003:051 (P), Governor's Executive Order Nos. 3134, 1332, and 3411.

LEGAL REFERENCE:

Hawaii Revised Statutes, Sections 171-6, 171-11, 171-13, 171-17, 171-35, 171-36, 171-55, 171-59, and 171-95.

APPLICANT:

The Gas Company, LLC (Applicant), is a domestic limited liability company whose mailing address is P.O. Box 3000, Honolulu, Hawaii 96802-3000.

CHARACTER OF USE:

To allow the Applicant to install, maintain, repair, and use the existing 8-inch and 4-inch non-exclusive subsurface pipelines and appurtenances for the storage and distribution of LPG at Nawiliwili Harbor, island of Kauai.

LOCATION:

Portion of governmental lands at Nawiliwili Harbor, island of Kauai, TMK Nos. (4) 3-2-003:041 (P), (4) 3-2-003:001 (P), (4) 3-2-003:007 (P), and (4) 3-2-003:051 (P), as shown on the enclosed map labeled Exhibit A.

ITEM M-5

COMMENCEMENT DATE:

To be determined by the Director of Transportation.

TRUST LAND STATUS:

Public Land Trust Information System states trust land status for TMK No. (4) 3-2-003:041 (P) as undetermined, TMK No. (4) 3-2-003:001 (P) as Subsection 5(a) of the Hawaii Admission Act (non-ceded lands), and TMK Nos. (4) 3-2-003:007 (P) and (4) 3-2-003:051 (P) as subsection 5(b) of the Hawaii Admission Act (ceded lands).

CURRENT USE STATUS:

The area is currently occupied by the Applicant.

LAND TITLE STATUS:

Acquired by the HDOT, through Governor's Executive Order Nos. 1332, 3134, and 3411.

CHAPTER 343 - ENVIRONMENTAL ASSESSMENT:

This use is exempt from the Office of Planning and Sustainable Development, and Environmental Review Program requirements pursuant to Sub-Chapter 11-200.1, Hawaii Administrative Rules (HAR), that exempts the following:

“Exemption Type 1: Operations, repairs or maintenance of existing structures, facilities, equipment, or topographical features, involving minor expansion or minor change of use beyond that previously existing.”

The HDOT deems the action as de minimis and exempts it from the preparation of an exemption notice in accordance with HAR, Section 11-200.1-16(b). The exemption declaration for the action described above is based on the Exemption List for the HDOT, reviewed, and concurred to by the Environmental Advisory Council on February 1, 2022, is as follows:

Exemption Type 1, Part 1:

- No. A6.d. “Repair or maintain existing structures or facilities located in or above the water necessary for the continued function and use, and to meet current local, state and federal standards and regulations, and as permitted by the U.S. Army Corps of Engineers and
- U.S. Coast Guard. Structures include but not limited to: fuel and other pipelines, hatch frames, manifolds, utilities, manholes, covers and other similar structures.”

Exemption Type 8, Part 1:

- No. 8g. “Creation or extension of leases, revocable permits or easements involving negligible or minor expansion or change of use beyond that previously existing.”

REMARKS:

Background - The Applicant has been providing energy for consumers and businesses throughout Hawaii since 1904 and has deep ties to the island community. The Applicant is the first in the State to capture and process biogases that are a byproduct from the City and County of Honolulu's Honouliuli Wastewater Treatment Plant and turn them into clean burning biomethane. This facility produces enough energy for roughly 6,000 homes and reduces the need for 15,000 barrels of oil annually. The City and County of Honolulu also generates revenue by selling the accumulated biogas to the Applicant.

The pipelines and appurtenances under Harbor Lease No. H-94-1 runs coterminous with the Applicant's tank farm and facility under General Lease No. S-4250 from the Department of Land and Natural Resources. At the Board of Land and Natural Resources (BLNR) meeting on July 28, 2023, the Applicant's request for a new 55-year Lease for their tank farm (Item D-4) was approved. The Applicant has requested that their pipelines and appurtenances under their new Harbor Lease, continue to be coterminous with their tank farm and facility.

A six-month holdover was granted for Harbor Lease No. H-94-1 (Item M-9) at the BLNR meeting on September 22, 2023, and the decision regarding the new 55-year Lease was deferred. The following information was requested from the Applicant:

1. What are the annual fuel flows (per fuel type) through the facility?

"LPG (propane) serves as an important every source for resilience on Kauai and has been instrumental in supporting effective emergency preparedness and recovery for the Island. At the Nawiliwili Harbor facility, Hawaii Gas stores and distributes LPG which serves regulated utility customers and non-utility customers; LPG is the only fuel on this site."

2. What are the Green House Gas (GHG) emissions associated with the burning of this fuel on an annual basis?

"GHG emissions related to LPG use on Kauai is 0.0029% of the State's total GHG emissions.¹ The facility at Nawiliwili Harbor is a storage and distribution system, i.e., no fuel combustion takes place onsite so there are minimal to zero GHG emissions at the facility itself."

3. The proposed lease runs for 55 years, through 2078. Hawaii has a goal of carbon neutrality/being carbon negative by 2045. What are The Gas Company's (TGC) climate goals and are these consistent with the State's goals? How is the Lease consistent (or inconsistent) with both the State and TGC's climate targets? What (if any) plans does TGC have to mitigate the emissions associated with this LPG?

"The lease at Nawiliwili Harbors is consistent with the State's carbon neutrality goals and Hawaii Gas' plans to help the State reach its goals. Hawaii Gas' 20-year Integrated Resource Plan (Plan) is currently being reviewed by the Hawaii Public Utilities

¹ See Hawaii Greenhouse Gas (GHG) Emissions Report for 2005, 2018, and 2019 (April 2023), Table ES-2, at Page ES-7, available at: https://health.hawaii.gov/cab/files/2023/05/2005-2018-2019-Inventory_Final-Report_rev2.pdf. The Hawaii GHG Report estimates the 2020 net emissions for the State (including Sinks and excluding Aviation) as 11.58 MMT CO₂e (or 11,580,000 MT CO₂e).

Commission (Docket No. 2022-0009). Under the Plan, Hawaii Gas proposes aggressive integration of renewable natural gas and renewable hydrogen, including an ongoing review of the feasibility of blending renewable propane and rDME (renewable dimethyl ether) into its LPG systems. The facility at Nawailiwili Harbor is “fuel agnostic” in the sense that renewable fuels such as renewable propane and rDME can also be stored at the facility. Under the Plan, Hawaii Gas will also continue to follow developments in the carbon offset market; Hawaii Gas’ understanding is that there is currently no local market for carbon offsets.”

Maritime Operations - The Applicant supports the energy needs of the island of Kauai by transporting LPG via barges that are time chartered and operated by a commercial barge company. The barge makes the connection to the pipeline via the valve box and is able to unload fuel from the barge, through the pipeline, directly to their tank farm and facility located just outside of Harbor boundaries.

Encourages Competition – The Applicant provides alternative energy options in the form of LPG to the island of Kauai. Other Harbor tenants also provide energy to Kauai in the form of diesel fuel, aviation fuel, and other refined petroleum products. The different energy sources provide the Kauai community with several energy alternatives for their business and residential needs. The Applicant provides businesses and homes with an energy source that is reliable, cost effective, and safe. The delivery process via barge also encourages competition among marine transportation companies as the Applicant time-charters vessels for the transportation of fuel to the neighbor islands.

RECOMMENDATION:

Based on this submittal, testimony and facts presented, the HDOT recommends that the Board finds that the issuance of a RP and a 55-year Lease by direct negotiation to the Applicant, including its conditions and rent, under the terms and conditions cited above and other terms and conditions as may be prescribed by the Director of Transportation to best serve the interests of the State.

Sincerely,



EDWIN H. SNIFFEN
Director of Transportation


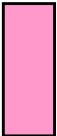
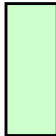
APPROVED FOR SUBMITTAL:



DAWN N. S. CHANG, Chairperson

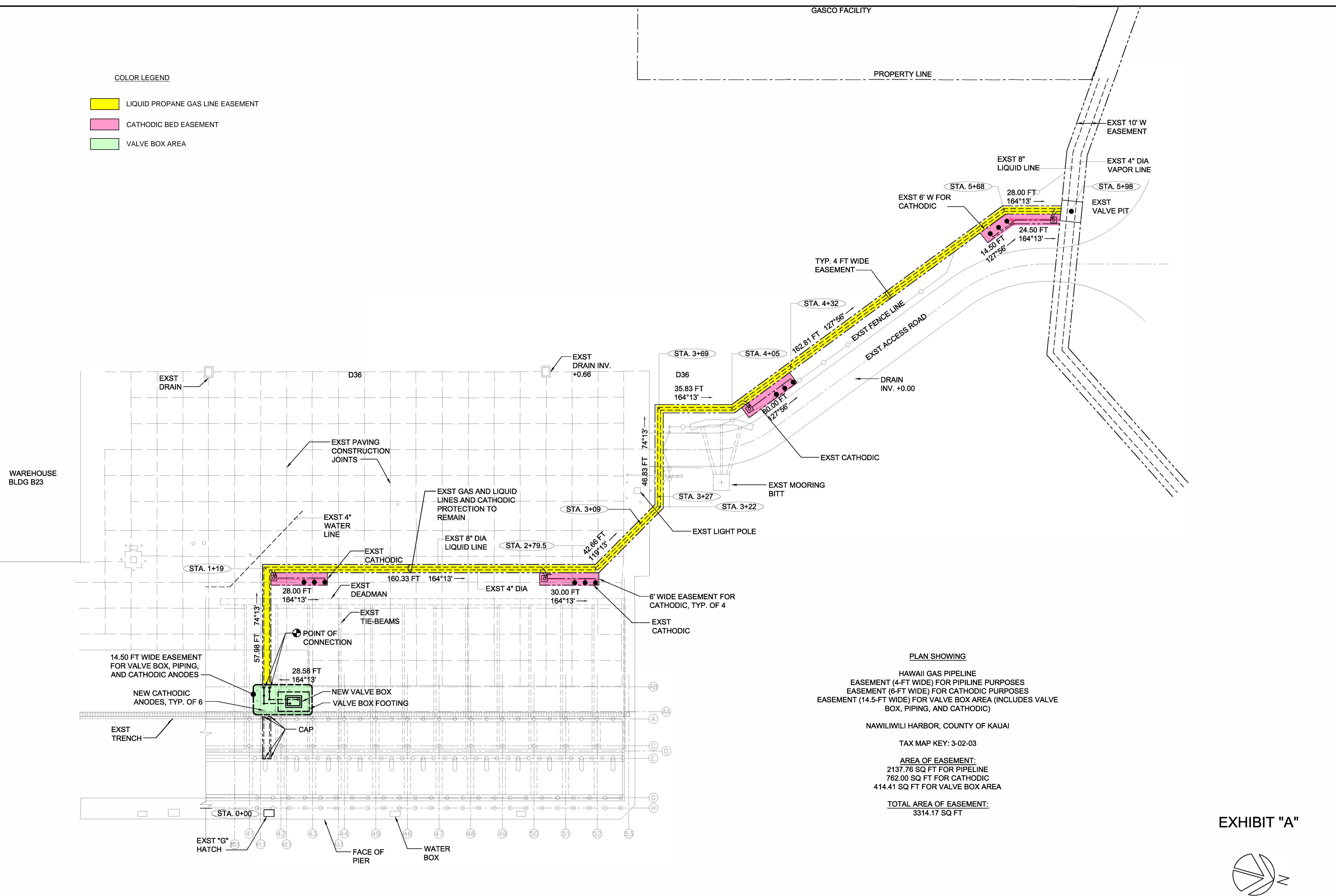
Enclosures

COLOR LEGEND

-  LIQUID PROPANE GAS LINE EASEMENT
-  CATHODIC BED EASEMENT
-  VALVE BOX AREA

COLOR LEGEND

- LIQUID PROPANE GAS LINE EASEMENT
- CATHODIC BED EASEMENT
- VALVE BOX AREA



PLAN SHOWING

HAWAII GAS PIPELINE
 EASEMENT (4-FT WIDE) FOR PIPELINE PURPOSES
 EASEMENT (6-FT WIDE) FOR CATHODIC PURPOSES
 EASEMENT (14.5-FT WIDE) FOR VALVE BOX AREA (INCLUDES VALVE BOX, PIPING, AND CATHODIC)

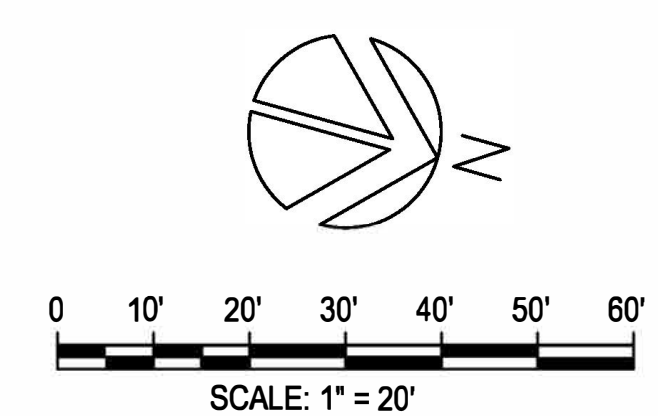
NAWILIWILI HARBOR, COUNTY OF KAUAI

TAX MAP KEY: 3-02-03

AREA OF EASEMENT:
 2137.76 SQ FT FOR PIPELINE
 762.00 SQ FT FOR CATHODIC
 414.41 SQ FT FOR VALVE BOX AREA

TOTAL AREA OF EASEMENT:
 3314.17 SQ FT

EXHIBIT "A"



MECHANICAL SITE PLAN - NEW WORK
 SCALE: 1" = 20'

REVISIONS	BY

This work was prepared by me or under my supervision and construction of this project will be under my observation.

INSYNERGY ENGINEERING

MECHANICAL • ELECTRICAL • FIRE PROTECTION

8256 Port Street, Suite 500, Honolulu, Hawaii 96813
 Phone: (808) 521-3773 Fax: (808) 521-3993

**HAWAII GAS LPG PIPING REROUTE
 PIER 3, NAWILIWILI HARBOR, HAWAII**

MECHANICAL PLAN - NEW WORK

Designed	LK
Drawn	ISE
Checked	BJO
Date	2/9/2016
Job No.	13-066
Sheet	M-3
Of	Sheets