



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

March 11, 2024

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

Dear Ms. Chang:

MAUI

Request for Authorization to issue a month-to-month Revocable Permit (RP) to Maui Electric Company, Limited (MECO), for a non-exclusive subsurface pipeline easement, Pier 1, Kahului Harbor, island of Maui, Tax Map Key No. (2) 3-7-010:006 (P), Governor's Executive Order No. 2986.

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, as amended.

APPLICANT:

Maui Electric Company, Limited (Applicant), is a domestic profit corporation whose mailing address is P.O. Box 2750, Honolulu, Hawaii 96840.

CHARACTER OF USE:

Applicant's proposed use is to maintain, use, and repair the existing subsurface pipelines and appurtenances for the transmitting of fuel to the Applicant's adjacent to its Kahului Power Plant.

LOCATION:

Portion of Government lands at Pier 1, Kahului Harbor, island of Maui, Tax Map Key No. (2) 3-7-010:006 (P), see enclosed Exhibit A and Exhibit B.

**ITEM M-HAR-1**

ZONING:

State Land Use Commission: Urban  
County of Maui: (Draft) M-2, (Heavy Industrial)

AREA: Easement C as indicated on the enclosed Exhibit A and Exhibit B

AREA	DESCRIPTION	TYPE	SQ. FT.	REVOCABLE PERMIT RATE	RENTAL	SECURITY DEPOSIT
1	“Easement C” Subsurface Fuel Pipelines	Non-Exclusive Sub-Surface Easement	653	\$0.20	\$130.27	\$260.55

CONSIDERATION:

Revocable Permit: Rent determined by appraisal as of June 1, 2022, for RPs in Kahului Harbor.

LAND TITLE STATUS:

Under the control and management of the HDOT, through issuance of Governor’s Executive Order No. 2986.

TRUST LAND STATUS:

Subsection 5 (a) of the Hawaii Admission Act (non-ceded lands).

CURRENT USE STATUS:

Applicant currently occupies the subject premises.

CHAPTER 343 – ENVIRONMENTAL ASSESSMENT:

This use is exempt from the Office of Planning and Sustainable Development, and Environmental Review Program requirements pursuant to Hawaii Administrative Rules (HAR), Section 11-200.1, which 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 actions described above, 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 United States (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, cover 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:

The Applicant previously occupied the subject premises under a 35-year Lease for the construction, installation, maintenance, use and repair of two 8-inch subsurface fuel pipelines for the distribution of petroleum fuels and anode bed, under Harbor Lease No. H-89-5. These pipelines under previous disposition to the Applicant do not extend to receive fuel from vessels at the face of Pier 1, rather these pipelines serve as a connection to other Harbor pipelines under Harbor Lease No. H-89-2, issued to Island Energy Services, LLC, Harbor Lease No. H-89-6, which is also issued to the Applicant. These connection pipelines are required to complete the transmitting of fuel to the Applicant's Kahului Power Plant until the plant boilers are retired or converted from using Industrial Fuel Oil.

The HDOT has been working with Applicant on solutions to either holdover or extend Harbor Lease No. H-89-5, which expired on January 15, 2024. Unfortunately, the Lease and the Applicant's subsequent plans did not meet the statutory requirements for a Lease extension. Having the Premises converted to an RP, effective January 16, 2024, will be the most effective solution as the Applicant's intended use of these pipelines will only run until the end of 2028.

The following information was requested from the Applicant:

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

*Industrial Fuel Oil at an average consumption rate of 14.5 million gallons/year.*

2. What is the Green House Gas emissions associated with the burning of this fuel on an annual basis?

*Average CO<sub>2</sub>e of 161,238 metric tons/year.*

3. Hawaii has a goal of carbon neutrality/being carbon negative by 2045. What are MECO's climate goals and are these consistent with the State's goals?

*MECO has committed to achieving net zero or net negative carbon emission from power generation by 2045. This is consistent with the State's goals.*

4. How is the RP/Lease consistent or inconsistent with both the State and MECO's climate targets?

*RP/Lease is needed to maintain grid reliability until firm generating units at the facility are retired by the end of 2028. It is consistent with the State and MECO's intent of reliably transitioning to 100 percent renewable energy by 2045.*

5. What (if any) plans does MECO have to mitigate the emissions associated with each fuel type going through the facility?

*The DOH has issued an amended air permit that extends the permanent shutdown for the Kahului boilers from December 31, 2027 to December 31, 2028 to support grid reliability. The Hawaii PUC has approved facility conversion to synchronous condensing to support future renewable generation transmission, at which point there will be zero emissions from the facility.*

RECOMMENDATION:

Based on this submittal, testimony, and facts presented, the HDOT recommends that the Board finds that approving the issuance of a month-to-month RP 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, will serve the best interest of the State.

Sincerely,



EDWIN H. SNIFFEN  
Director of Transportation

APPROVED FOR SUBMITTAL:



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DAWN N. S. CHANG, Chairperson

Enclosures

DESCRIPTION  
TMK 2-3-7-10-006

EASEMENT C, 6.00 feet wide, for pipeline purposes in favor of Maui Electric Company, Ltd., over, under, across and through a portion of Kahului Harbor, Pier 1, Executive Order No. 2986 situate at Kahului, Wailuku, Island and County of Maui, State of Hawaii, and more particularly described as follows:

BEGINNING at the southeasterly corner of this easement, the coordinates of said point of beginning referred to Government Survey Triangulation Station "LUKE" being 5,885.28 feet North and 11,080.61 feet East, and thence running by azimuths measured clockwise from true South:

- |    |          |   |
|----|----------|---|
| 1. | 116° 00' | 6.01 feet along the remainder of Kahului Harbor, Pier 1, Executive Order No. 2986;                          |
| 2. | 202° 20' | 102.03 feet along same;   |
| 3. | 112° 20' | 2.87 feet along same;   |
| 4. | 202° 20' | 3.99 feet along same;   |
| 5. | 292° 42' | 10.00 feet along same;  |
| 6. | 22° 20'  | 3.92 feet along same;   |
| 7. | 112° 20' | 1.13 feet along same;   |
| 8. | 22° 20'  | 102.42 feet along same to the point of beginning and containing an Area of 653 Square Feet or more or less. |

Prepared by A&B Properties, Inc.  
Kahului, Hawaii

February 6, 1989

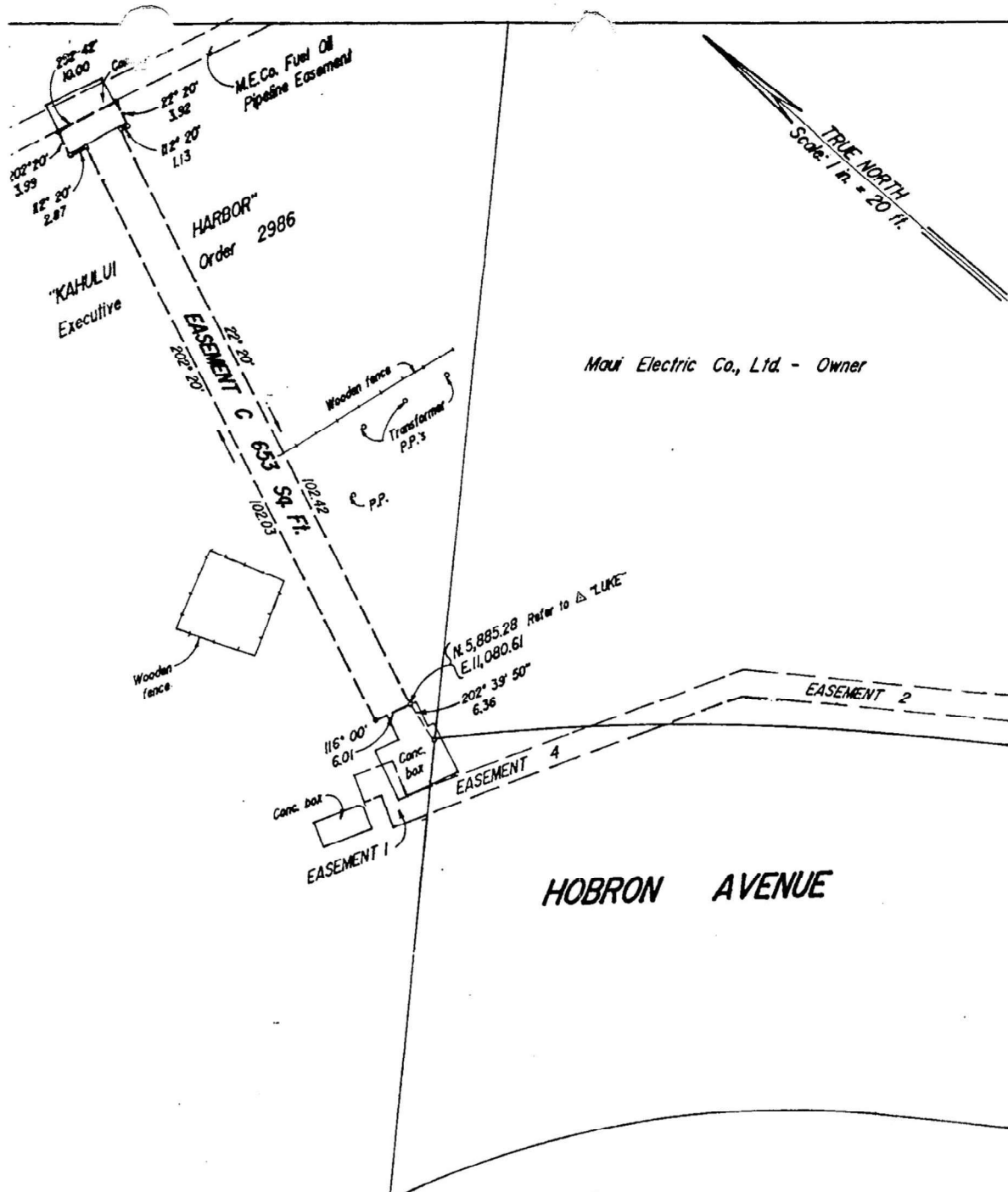
This work was prepared by me or under my supervision.



*Michio M. Okuda*  
Registered Professional Land Surveyor No. 2488-S

EXHIBIT "A"

ME  
27/23-u



**EASEMENT C FOR PIPELINE PURPOSES  
AFFECTING KAHULUI HARBOR**

*Being a portion of Executive Order 2986  
AT KAHULUI, MAUI, HAWAII*

SCALE: 1 in. = 20 Ft.

DATE: February 1, 1989

Prepared By: A & B Properties, Inc.  
Kahului, Hawaii



*This work was prepared by me or under my supervision*

*Michio M. Okuda*  
Registered Professional Land Surveyor No. 2488-S

ME  
27/23-u

EXHIBIT "B"