

6. Establishment of a Biofuels Public Trust Fund (BPTF)

- 6.1. HECO will work with other interested parties to establish a Biofuels Public Trust Fund at the earliest practicable date (targeting a launch no later than January, 2008).**
- 6.2. HECO will provide seed funding for agricultural research related to biodiesel feedstock production.**
- 6.3. HECO will dedicate to the Trust all net profits that it earns from the BlueEarth Maui Biodiesel Project.**
- 6.4. The BPTF governing board should represent the following constituencies:**
 - **Hawai'i State government**
 - **HECO**
 - **Labor**
 - **Local agricultural community**
 - **Local environmental community**
 - **Native Hawaiian cultural practitioners**
 - **R&D/engineering**
- 6.5. The BPTF should, at a minimum, fund activities in the following areas:**
 - **Research and development of locally-grown vegetable oil feedstocks**
 - **Research and development of algae and other next generation feedstocks**
 - **Research into measuring and reducing the environmental impacts from RSPO certified palm oil and potential local feedstocks, including the net GHG emissions from different agricultural practices**
 - **Support for local feedstock production, processing, and use**
 - **Development and testing of biofuel accounting protocols and sustainability standards**
 - **Conservation and restoration of ecosystems affected by worldwide biodiesel feedstock production**

HECO will direct all of its net profits from the Maui biodiesel plant to a new organization, the Biofuels Public Trust Fund (BPTF). The BPTF will have representation from key stakeholders that will be affected by the transition to biodiesel, including state, local agricultural, local environmental, native Hawaiian cultural, and R&D/engineering interests. The BPTF will use the funds to invest in efforts to enhance the environmental, social, cultural and economic viability of the production and consumption of biofuels in Hawai'i.

7. Public Review and Notification

- 7.1. A draft of this policy was made available for public review and comment.***
- 7.2. The adopted policy and any future amendments or revisions shall be publicly available and posted on NRDC and HECO's websites.***

Both NRDC and HECO value and support public input into the development of this policy and to the public decision-making process. NRDC and HECO are two independent, private organizations with primary responsibility to our members and shareholders, respectively. We believe that this policy will provide benefits to Hawai'i's citizens, Hawai'i's environment and, in particular, to HECO's customers. However, we recognize that state and county officials and regulators must balance competing interests and concerns and make their own determination.

8. Public Progress Reporting and Contingencies

- 8.1. NRDC and HECO presented a draft policy at four public meetings in Hawai'i, reviewed all public comments, and subsequently revised the draft policy in response to those comments.***
- 8.2. HECO will report on its plan for implementing this policy no later than 9 months from the adoption of this policy.***
- 8.3. HECO will prepare a public report summarizing progress and issues encountered in its efforts to implement this policy no later than 18 months from the adoption of this policy and annually thereafter.***
- 8.4. Either party will inform the other as soon as possible in the event of unforeseen issues associated with either the content or implementation of this policy.***
- 8.5. Both NRDC and HECO agree to work together to resolve issues and/or problems that arise in the implementation of this policy.***

NRDC and HECO recognize that the adoption of this policy represents merely a first step. New issues and problems or opportunities may arise that require further effort and/or discussions to resolve. In particular, HECO has not tested this policy in the market and does not know whether it is possible to contract for a reliable and cost-effective source of oil that meets the foregoing criteria. Both NRDC and HECO are committed to working collaboratively to resolve any issues that arise in implementation of this policy.

APPENDIX A: RESOURCES FOR ADDITIONAL INFORMATION

Information for the following organizations is available at these websites:

NRDC: www.nrdc.org

HECO: www.heco.com

RSPO: www.rspo.org

Roundtable on Sustainable Biofuels: <http://cgse.epfl.ch>