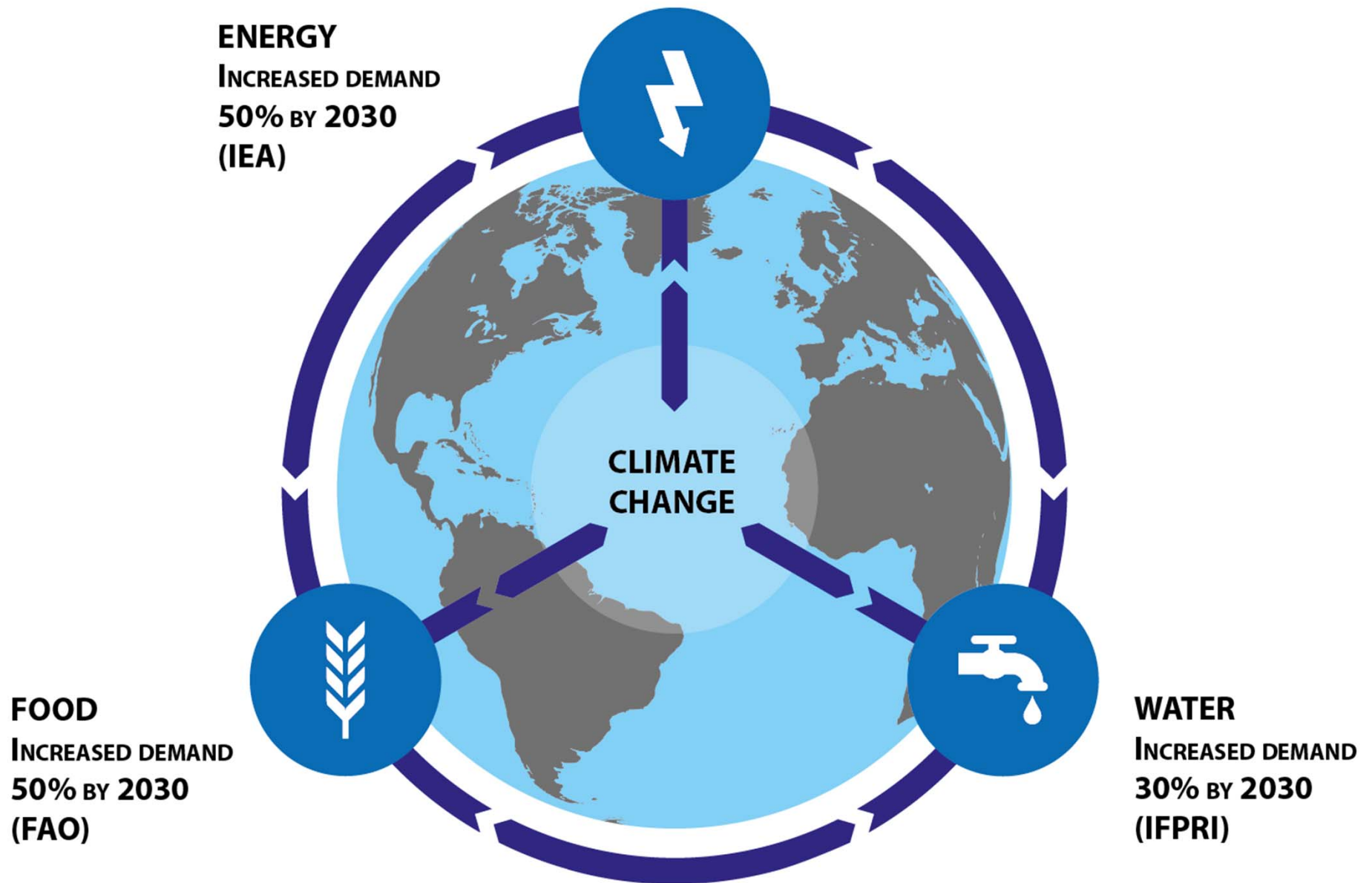


Deep Ocean Water (DOW) A Catalyst for Economic Development, Food, Water & Energy Security

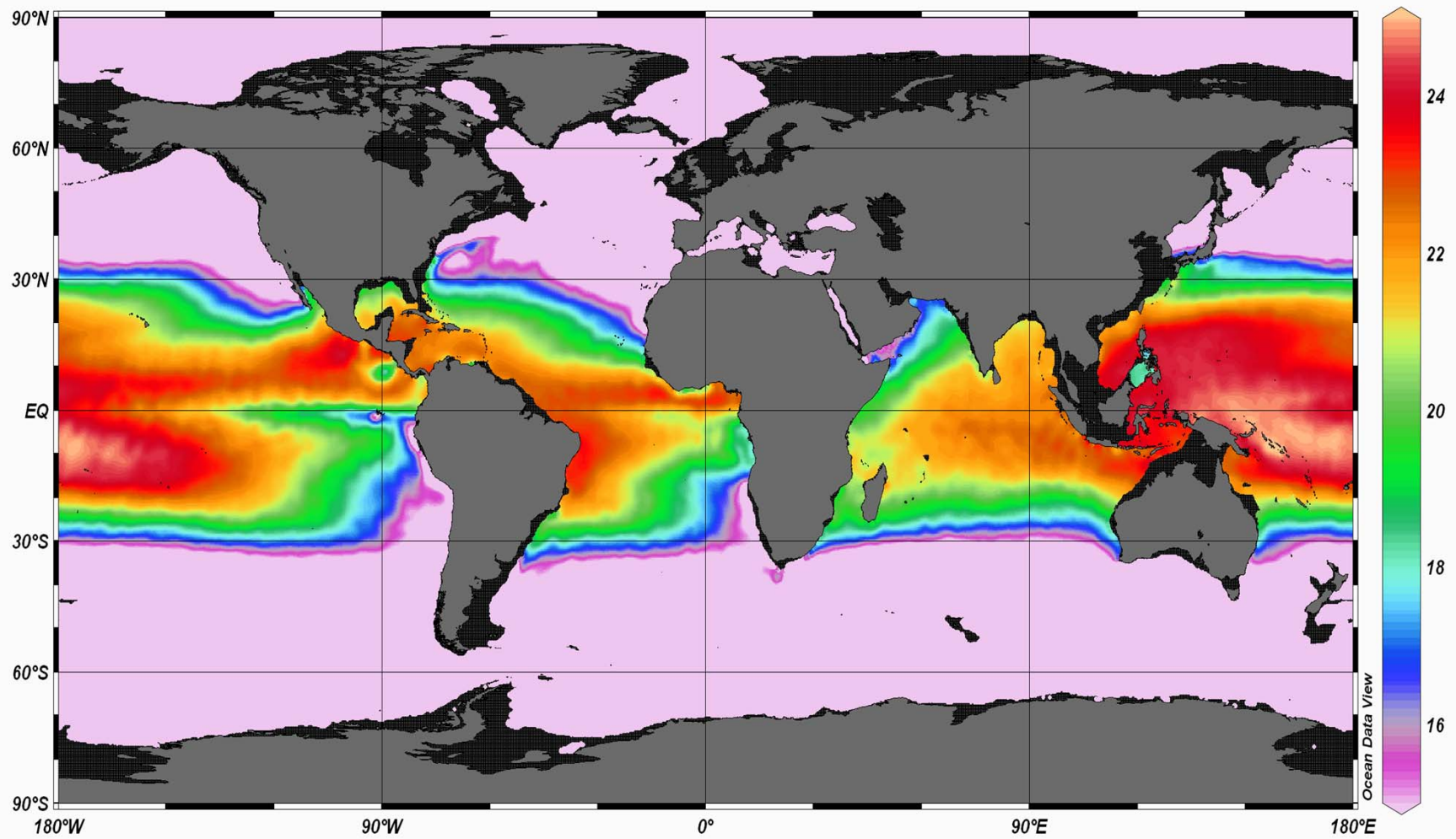
Jan C. War
NELHA



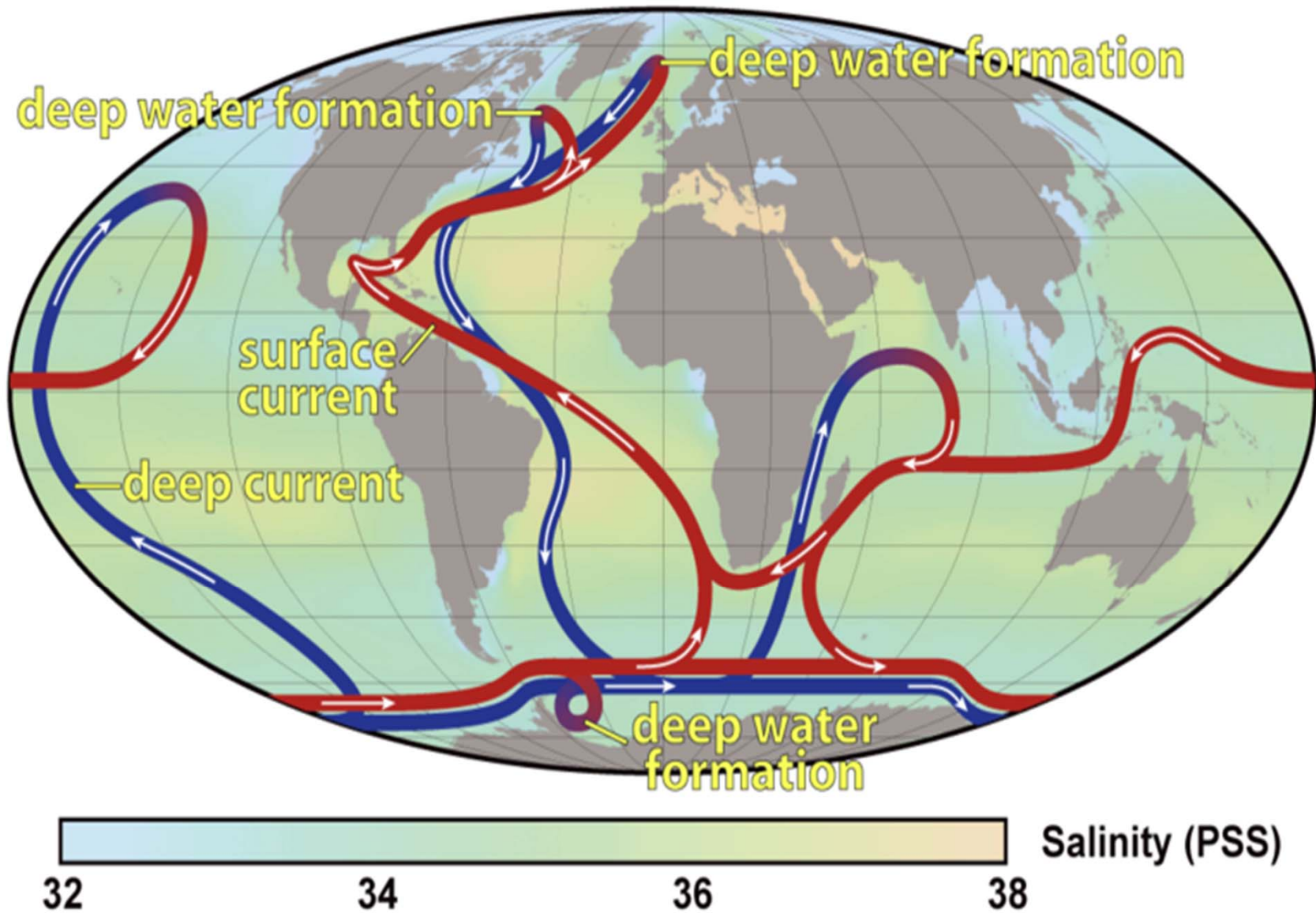
Pacific Economic Cooperation Council (PECC) – Noumea, New Caledonia / November 27, 2014



Temperature Difference [C] @ 20 m and 1000 m=Top

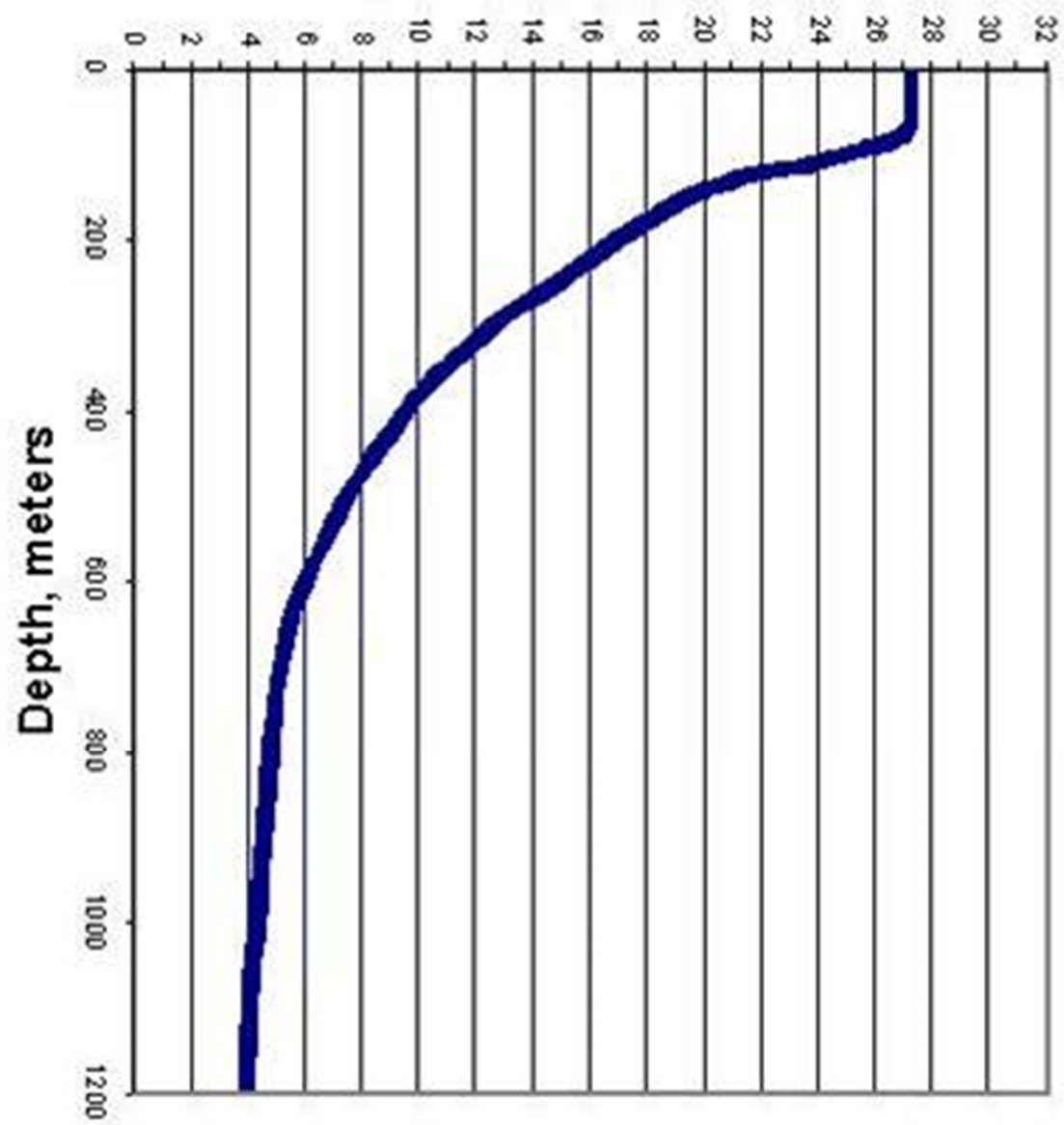


Thermohaline Circulation



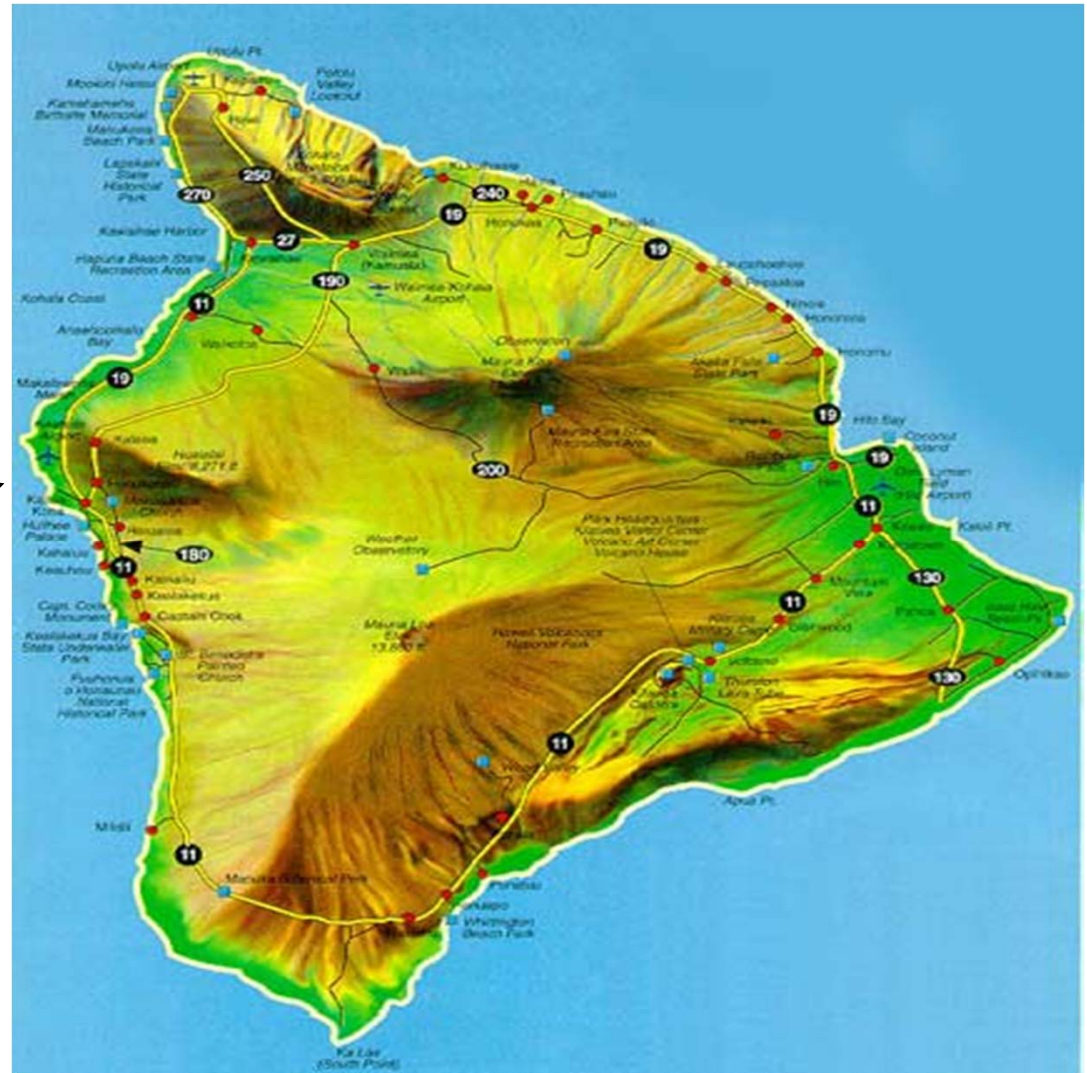
Temperature Profile

Temperature, deg C.



Natural Energy Laboratory of Hawaii Authority (NELHA)

Ke-ahole Point



HISTORY

NELH / HOST PARK

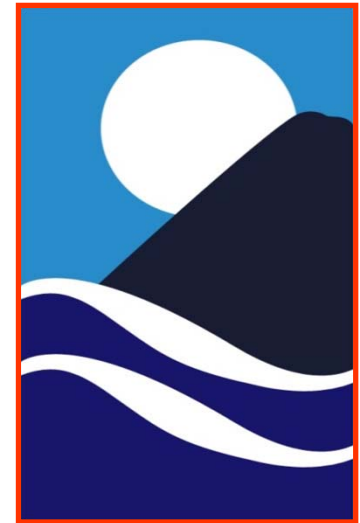


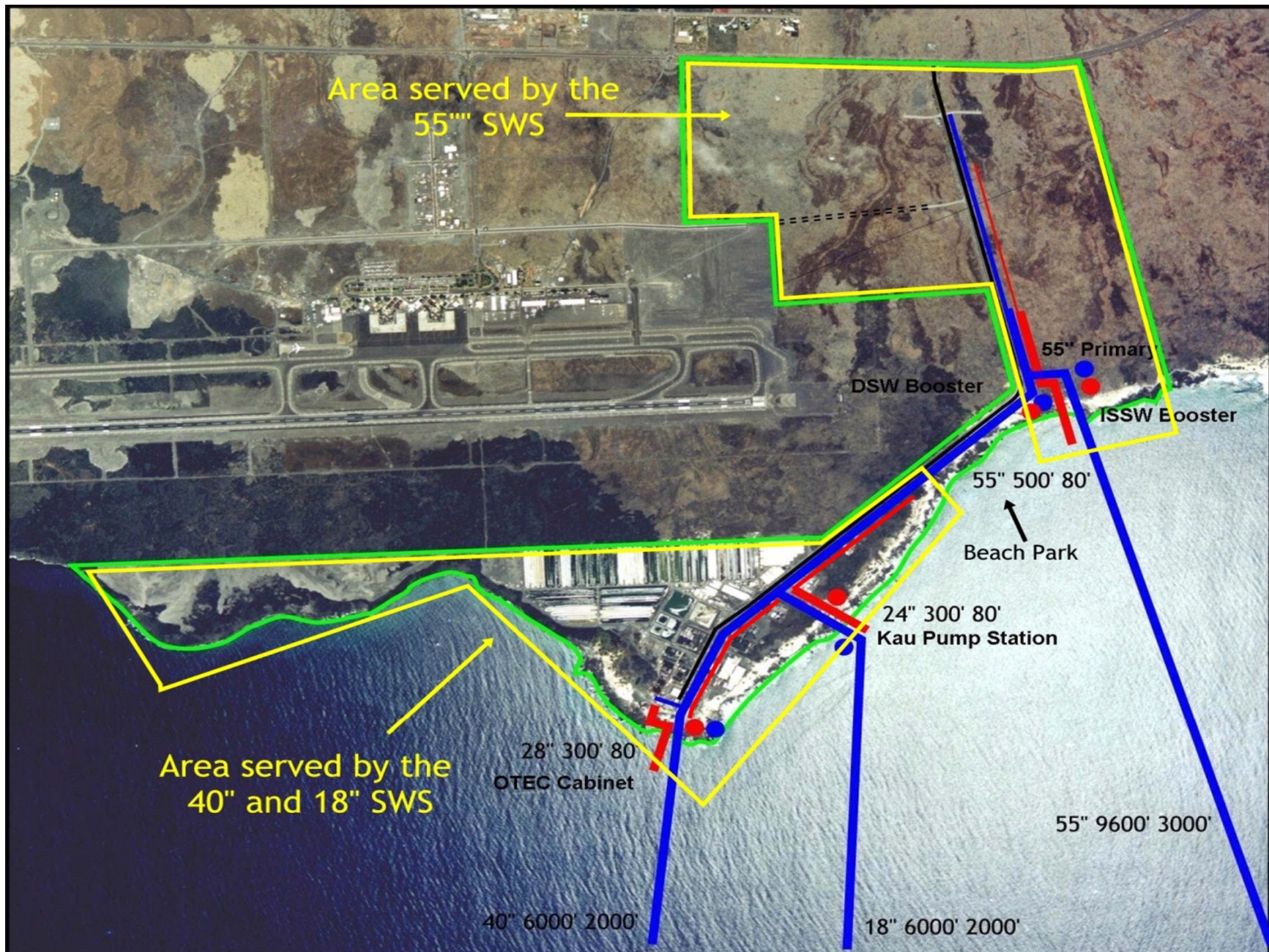
- NELH Establish as an Act of Legislation by the State of Hawaii in 1974 – Government Corporation (RCUH)
- NELH was Developed in Response to ERDA (DOE) Funding for OTEC R/D – 5 Sites Chosen / NELH Premier Site
- 1981 First DOW Pipeline for OTEC (Seacoast Test Facility)
- 1983 First Aquaculture Projects
- 1984 Commercialization / Education / Outreach
- 1987 HOST Park Created (Commercial Offshoot)
- 1990 NELH and HOST Park Merge to become NELHA
- Administratively attached to DBEDT

NELHA

NELHA MISSION STATEMENT

**To Develop *and Diversify*
the *Economy of Hawaii*
by Providing Resources and Facilities
for
Energy and Ocean-Related Research,
Education, and Commercial Activities in
an Environmentally Sound
(*Sustainable*) and Culturally Sensitive
Manner**





WATER CHEMISTRY COMPARISON

SURFACE VS DEEP OCEAN WATER

PARAMETER	SURFACE SEAWATER (SSW)	DEEP SEAWATER (DSW)
TEMPERATURE	24 – 28 ° C	4 – 7 ° C
SALINITY	34.7 o/oo	34.3 o/oo
Ph	8.3	7.6
ALKALINITY	2.31	2.36
NITRATE / NITRITE	0.24 µm/l	39.0 µm/l
PHOSPHATE	0.15 µm/l	2.89 µm/l
SILICATE	2.64 µm/l	74.56 µm/l
AMMONIA	0.20 µm/l	0.06 µm/l
DON	5.39 µm/l	41.36 µm/l
DO	6.87 mg/l	1.24 mg/l
TOC	0.68 mg/l	0.50 mg/l
TSS	0.88 mg/l	0.34 mg/l

NELHA TODAY

(333 Hectares)

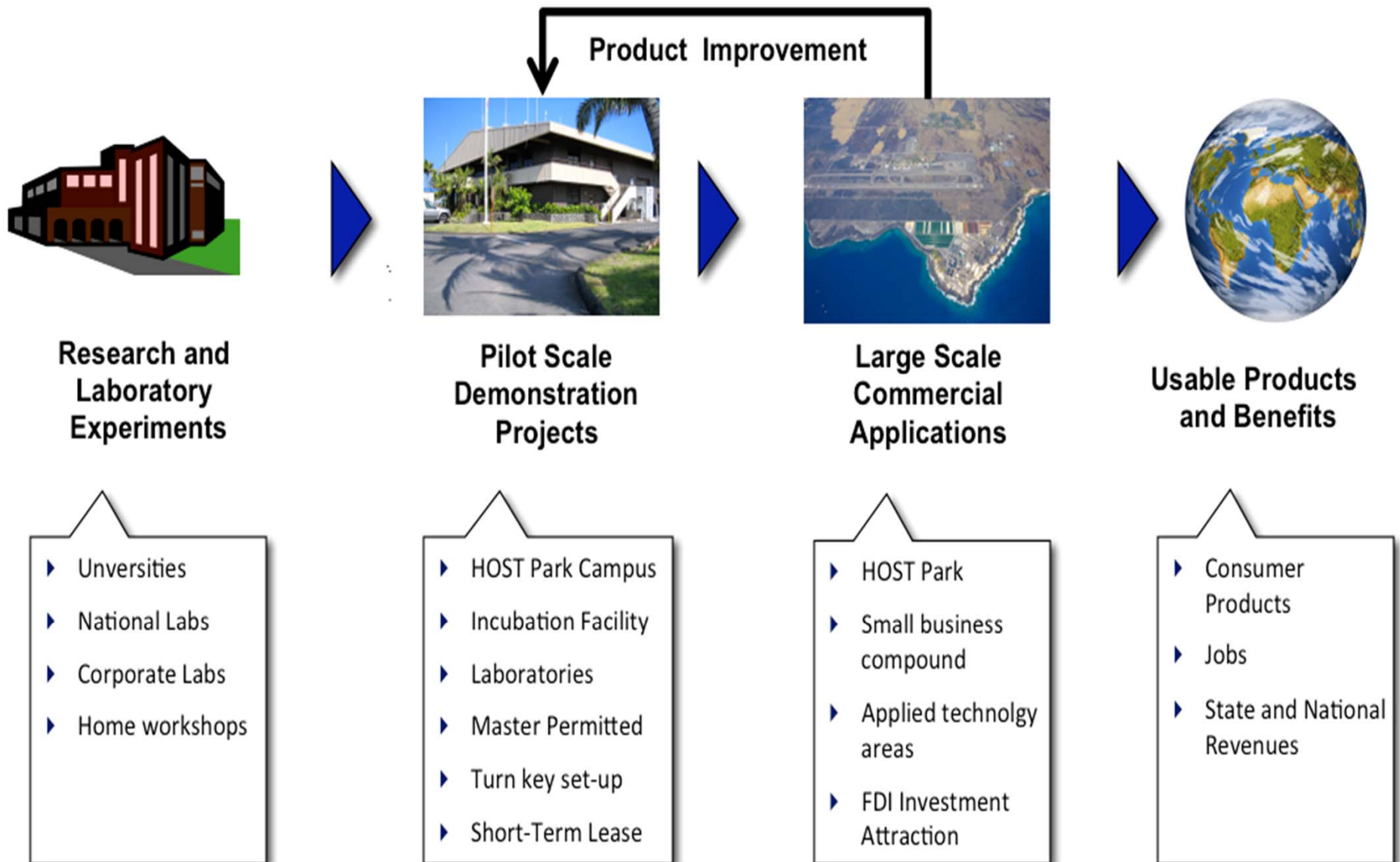
42 Commercial & Research Tenants



Special NELHA Attributes

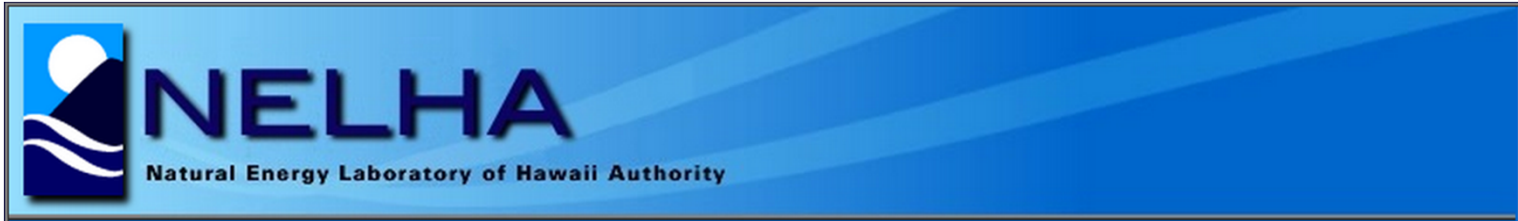
- Marine Science and Technology Park
- Master Permits for Rapid Development
- Research Campus / Business Incubation
- Tenant Support Services
- Self Sustaining (Strong Support from State of Hawaii)
- Unique Resources
(DSW / SSW / High Solar Insolation, Winterless Climate)

Seek Collaborations as Part of HOST PARK PRODUCT PIPELINE





- Total State Investment = \$150 M
- Total Economic Impact = \$87.7 M
- State Tax Revenue = \$4.5 M
- ROI = \$42.8 per dollar invested
- 600 Jobs Created
- 25 % in key areas of research, science and technology



RESEARCH CAMPUS

**Support Ecosystem
for
Business Incubation**

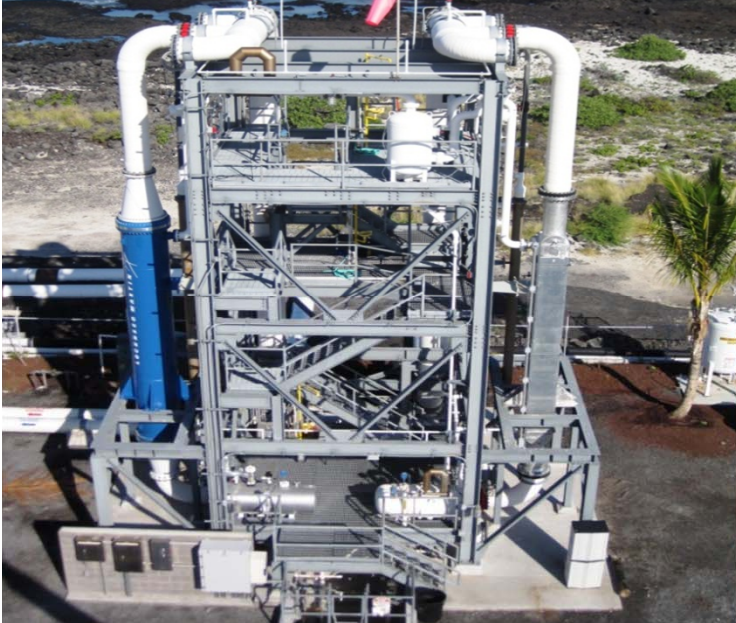


Research Campus

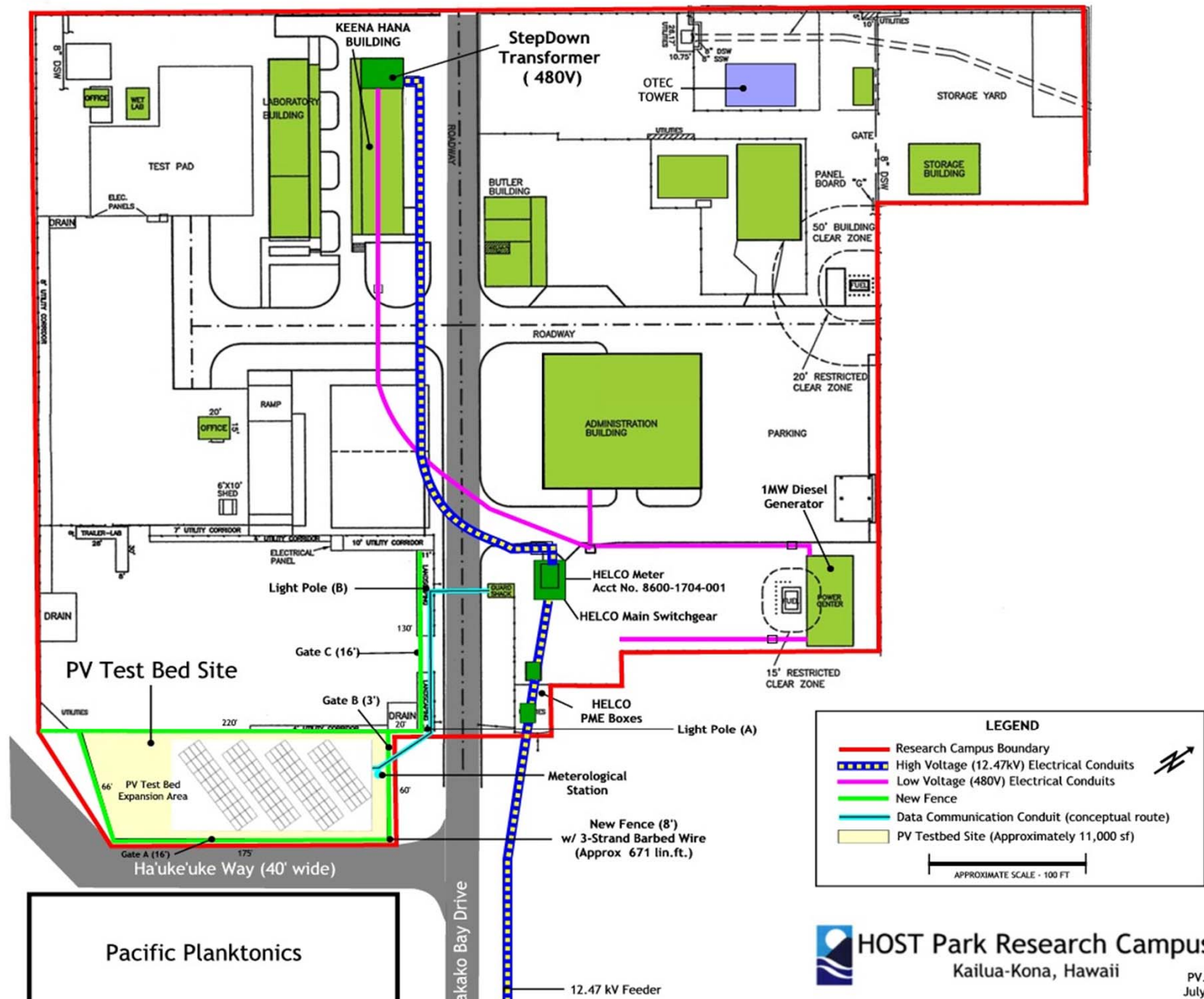
- 6A Master Permitted
- Immediate Ocean Water Access
- Turn Key Setup – 1 day
- Short Term Leases by Size
- Main OTEC R/D Area
- Small College Campus
- Seminars/Conferences
- Additional Office and Lab Buildings



RENEWABLE ENERGY PROJECTS

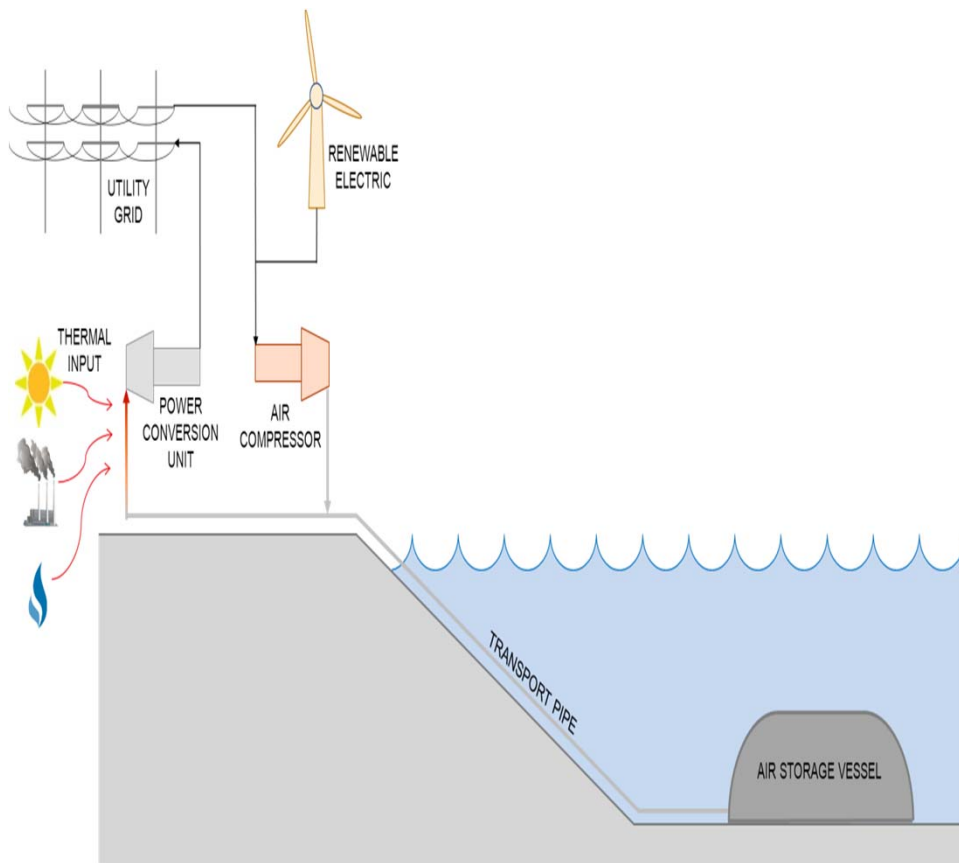


CONCEPTUAL PLAN AND BASE MAP FOR MICROGRID AND SOLAR TEST BED



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Energy Storage Installations & Considerations For NELHA



Compressed Air Storage – Ocean Bottom

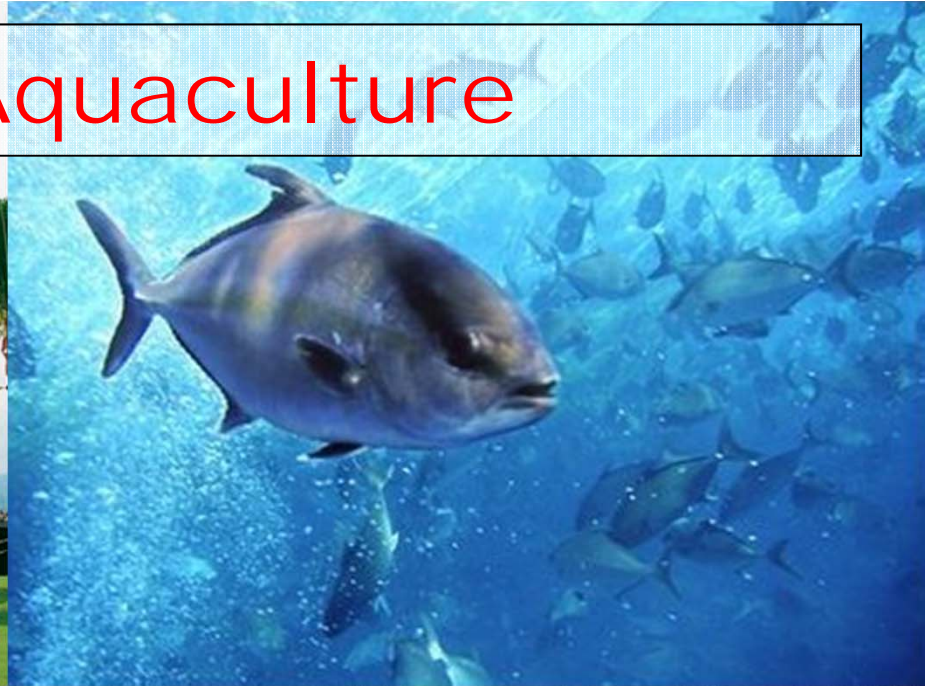


Lithium Ion Battery Installation – Koyo USA

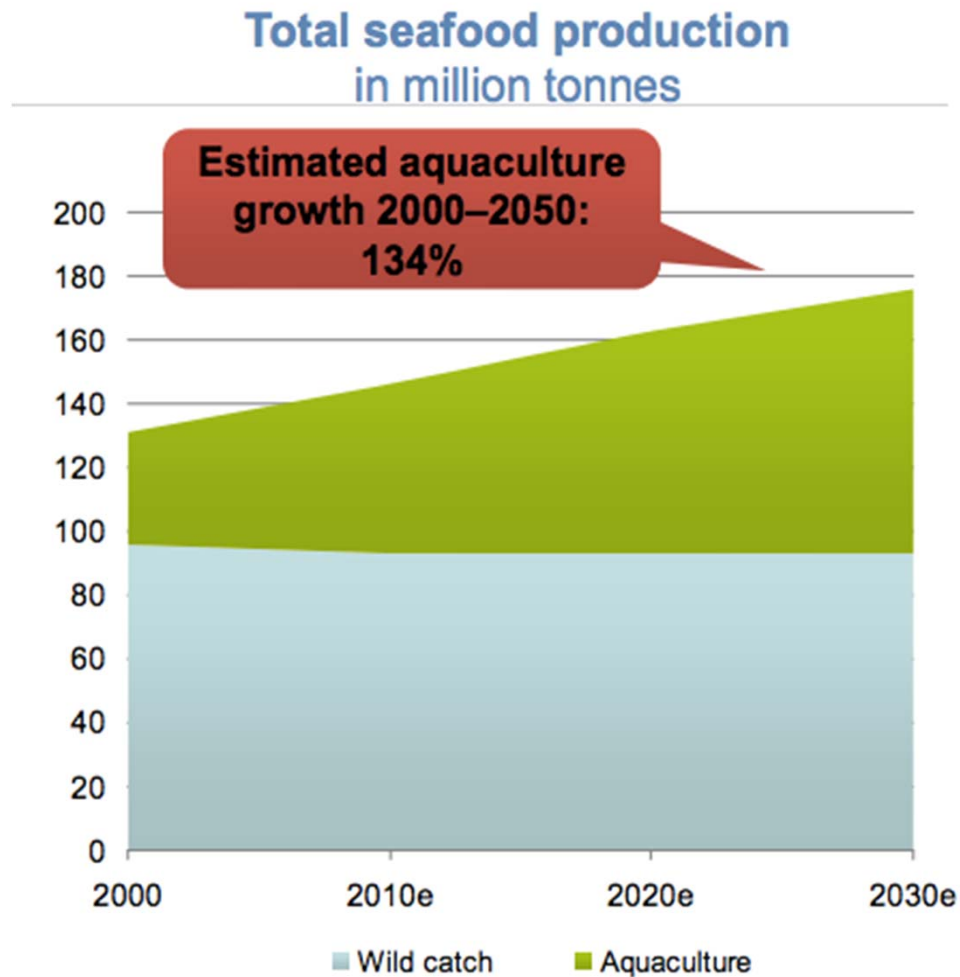


Aquion Batteries

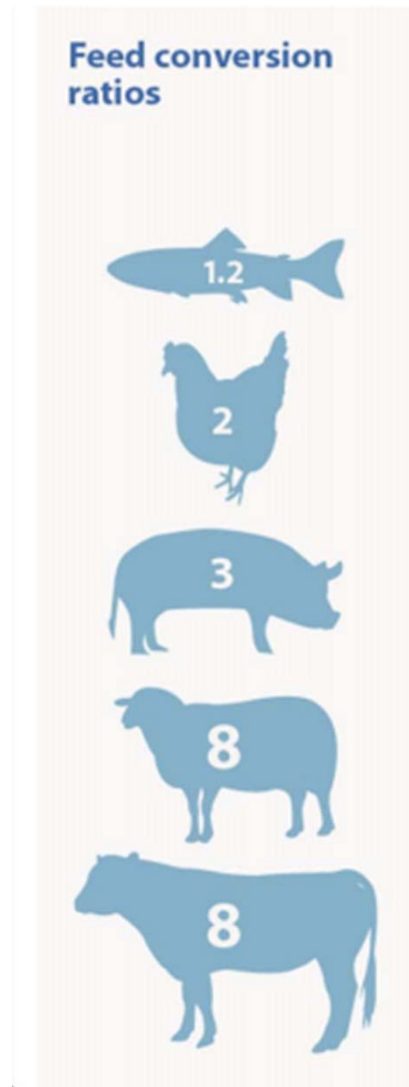
Desalination and Aquaculture



Why Aquaculture?



Source FAO, 2014



NELHA

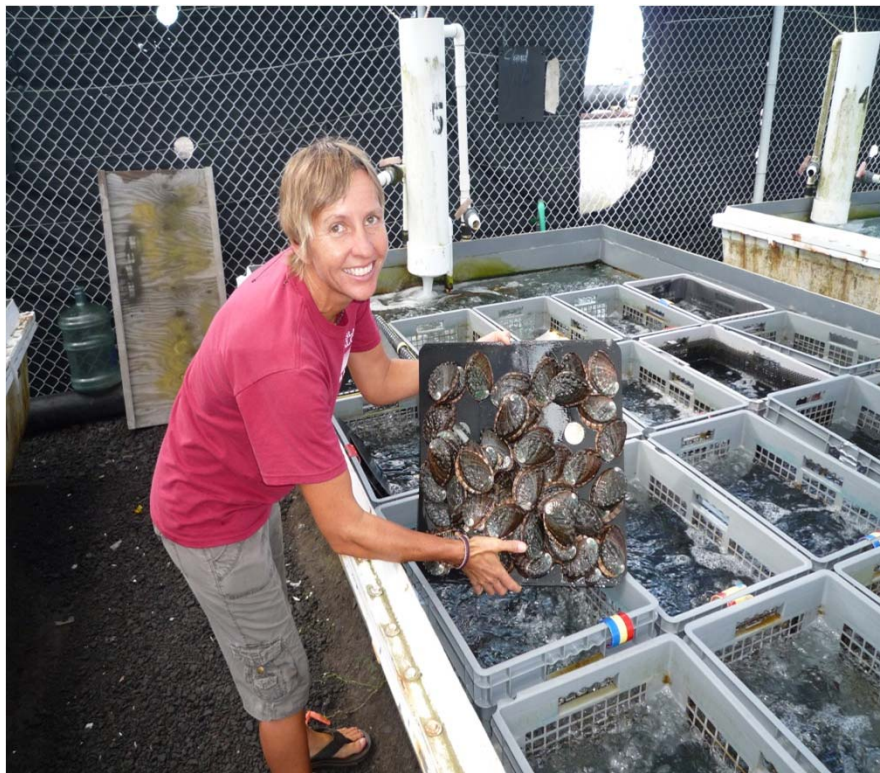
Land Based Aquaculture Area



Big Island Abalone Corporation

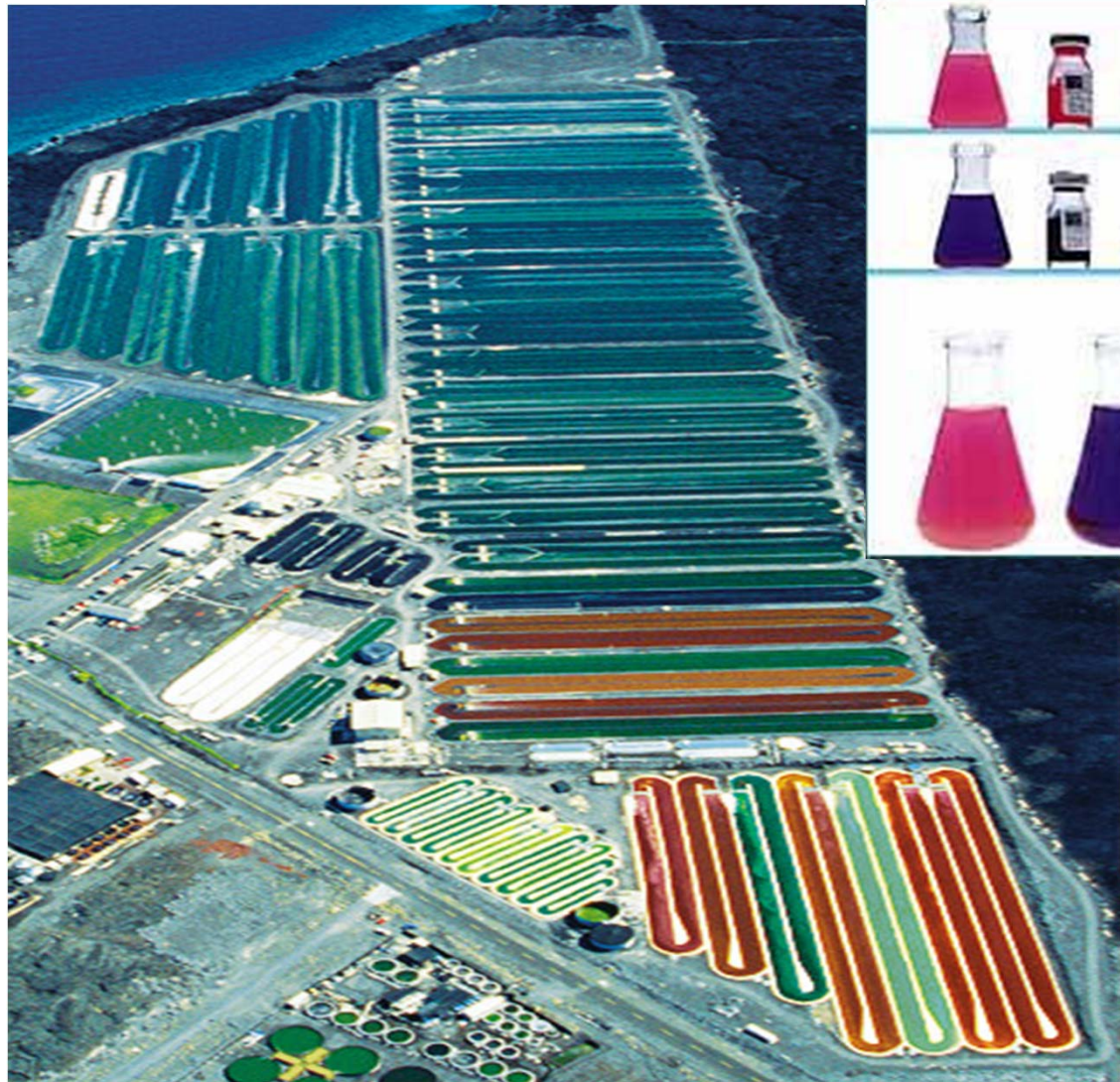
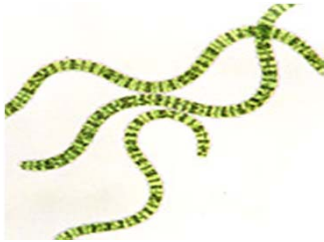
Ezo: Japanese Abalone

(*Haliotis discus hannai*)



Cyanotech Corporation

The World Leader in Microalgae Technology



Product: Astaxanthin

Human Nutraceutical from Microalgae:

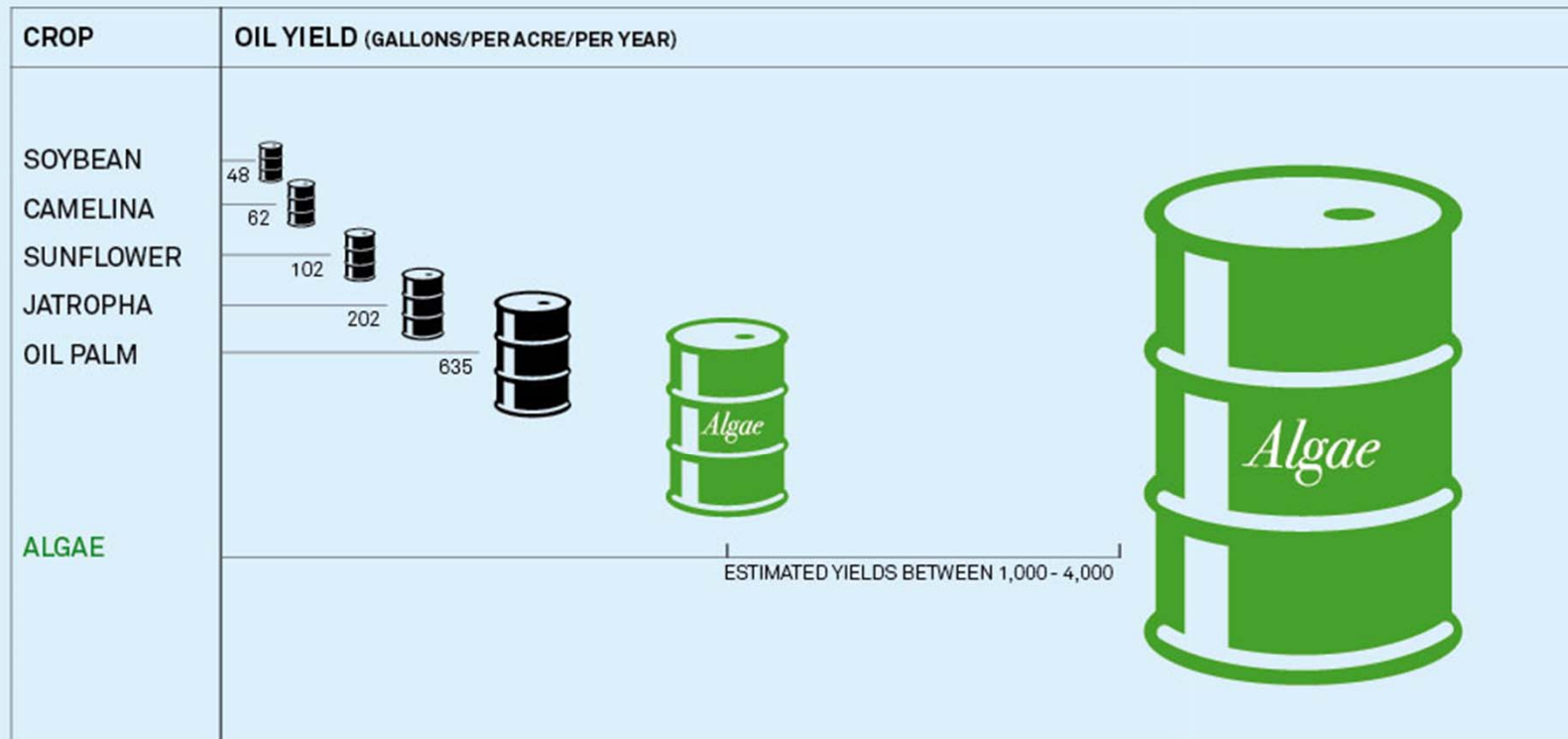
- Powerful Antioxidant
- Sunburn Protection
- Health Benefits for:
 - Carpal Tunnel Syndrome
 - Rheumatoid Arthritis
 - Macular Degeneration



Why Algae ?

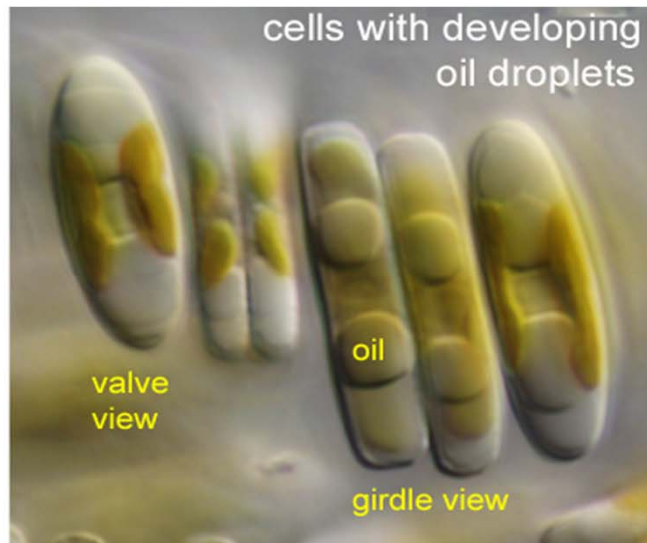
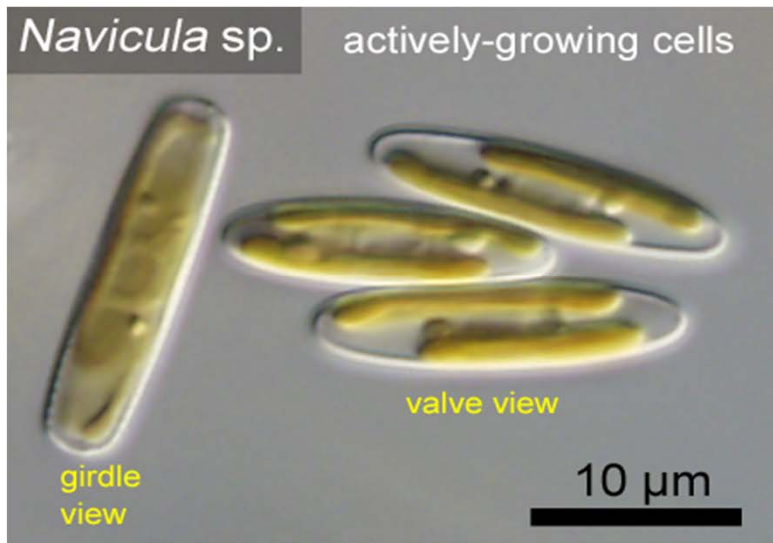
SUPERIOR OIL YIELD COMPARED TO OTHER BIOMASS FEEDSTOCKS

COMPARISON OF OIL YIELDS FROM BIOMASS FEEDSTOCKS



Source: US Department of Energy – Algal Biofuels Roadmap 2009

The Residual Defatted Biomass and Carbohydrates can also be used to make a Fishmeal (Protein) Replacement for the Animal Feed Industry.



Lipid Content Can be 20-50% of Cell Mass



Biofuels from Microalgae



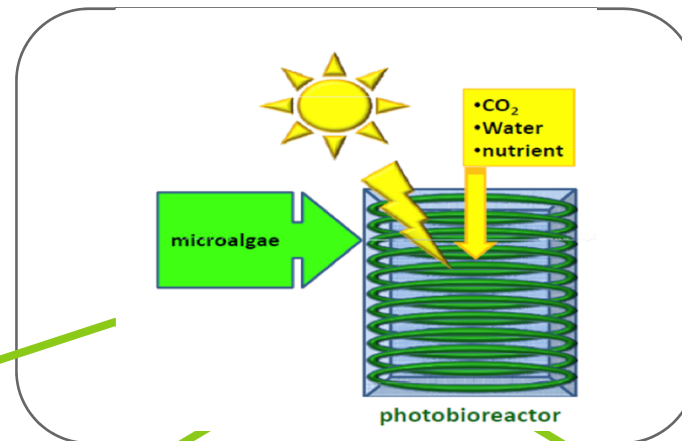
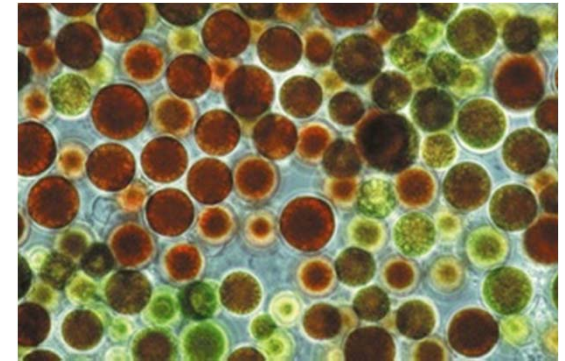
**Scale Up is Needed
to Prove Competitive
Status with Fossil
Fuels**



**The Opportunities are
Promising**

Microalgae Production Opportunities for your Location?

- **Microalgae are aquatic single cell organisms**
- **Valuable = Omega 3, Protein and Pigment**
- **Well established production technologies**



Omega 3

Food and
supplements

Feed

Astaxanthin

Food and
supplements

Feed

Protein

Feed,
Human food

Biomass

Food and
Feed
Organic Fertilizer

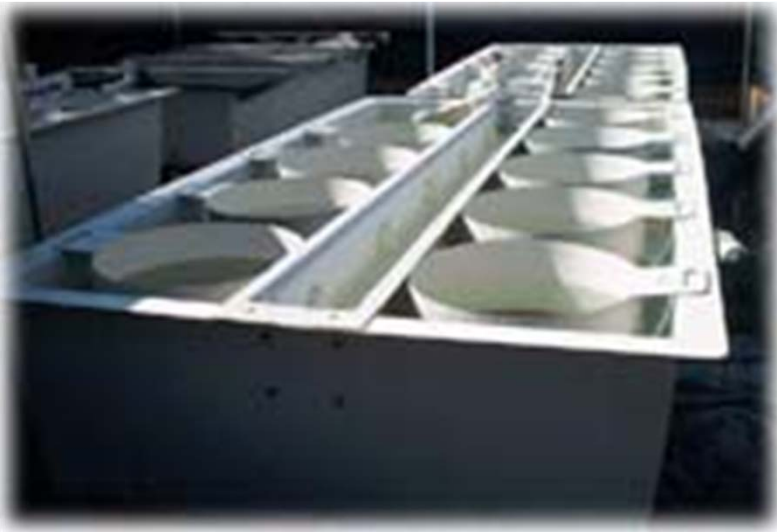
Specific Pathogen Free & Disease Resistant Shrimp Broodstock

- SPF Certified Shrimp Broodstock
- Stronger, more Resilient Genetic Lines developed through traditional breeding techniques
- Requires Strict Biosecurity Protocols

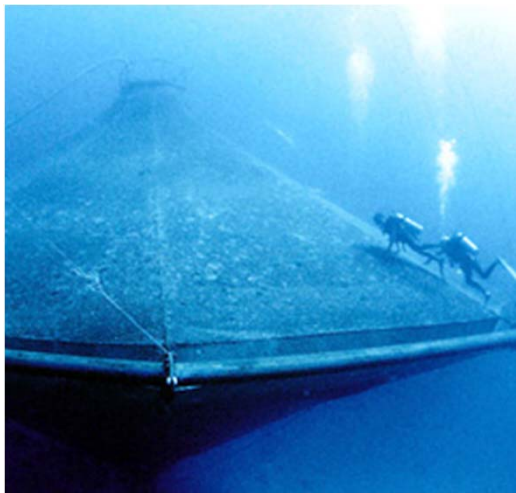
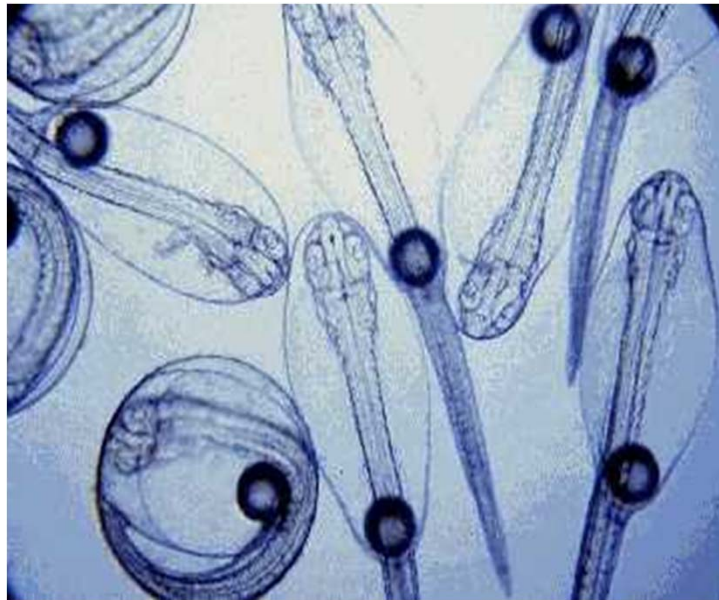


Shellfish Larvae & Seed

- Shellfish Seed Ready for Sale or Transplant after 2.5 months
- Nursery Production not Limited by Nature's Seasons
- Cost Effective

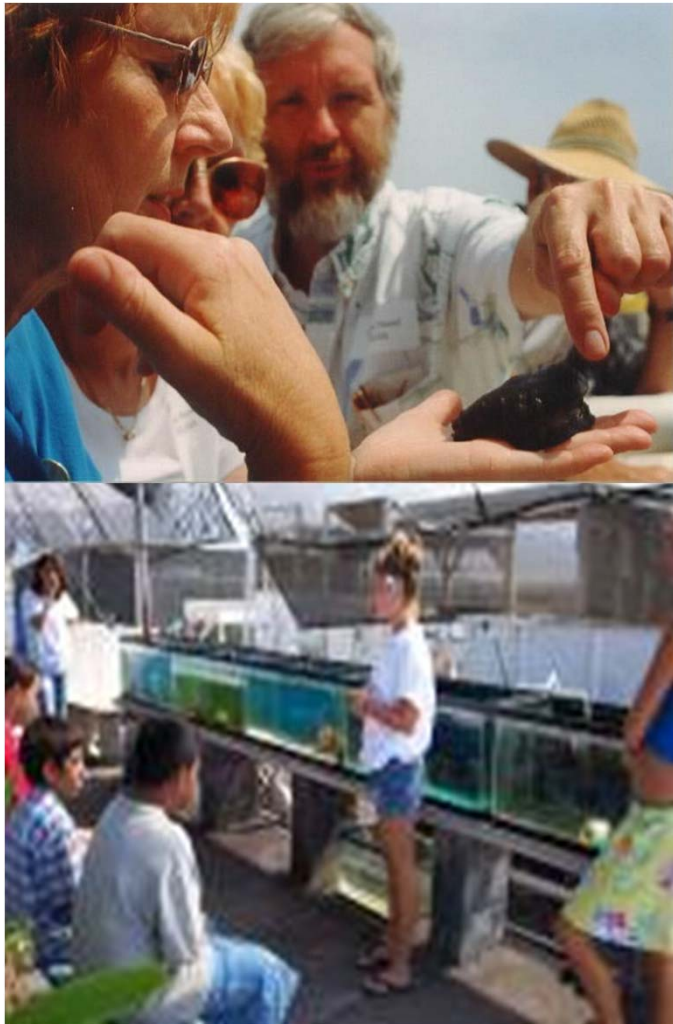


Blue Ocean Mariculture



Land Based Hatchery/Nursery - Offshore Growout

Research / Development / Education



A Little About DOW Pipelines

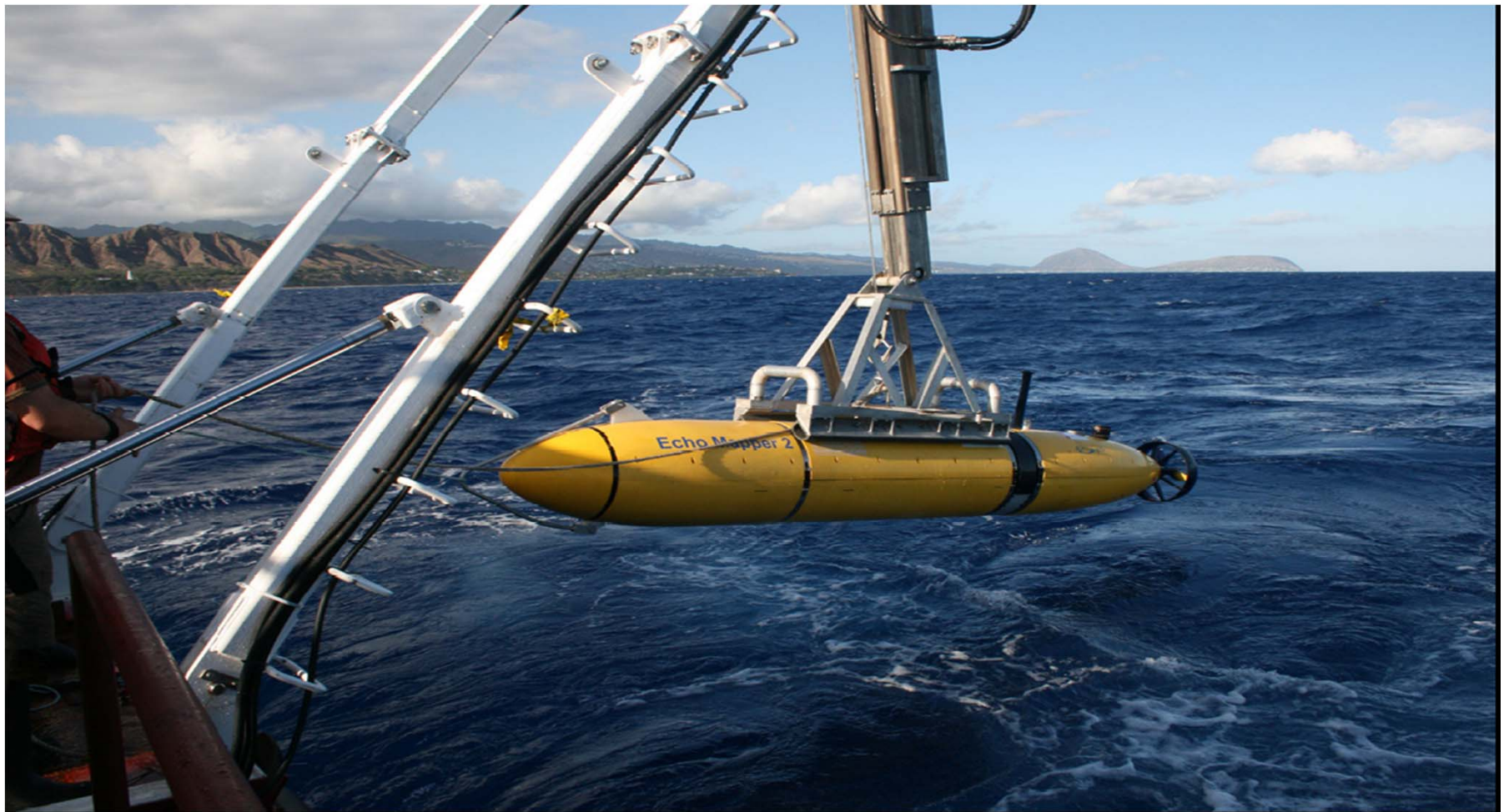


Side Scan Sonar

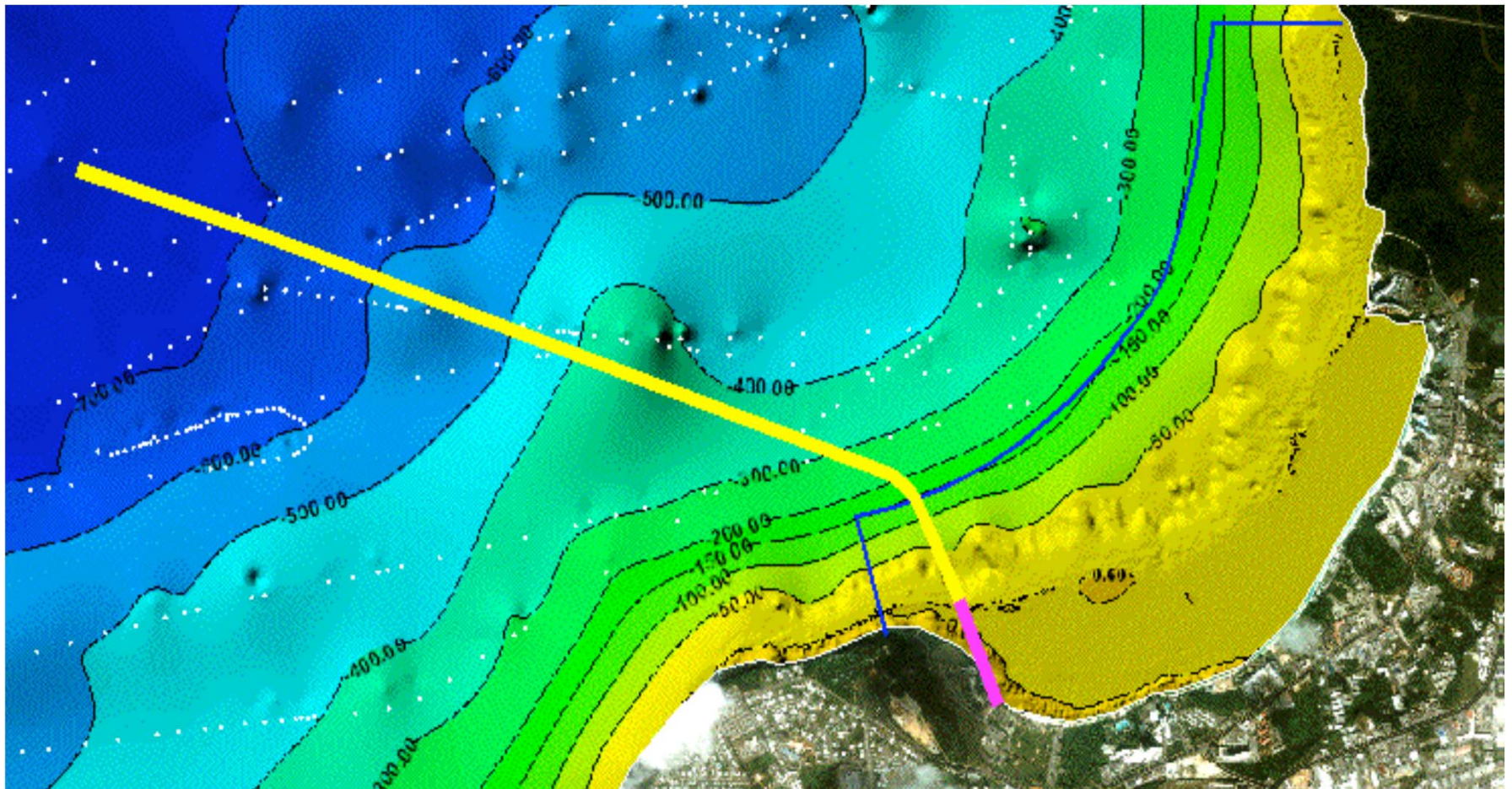
FOR

Offshore Bathymetry Profile

(CAN ALSO NOW BE ROV OR AUV)



Tumon Bay Guam – Proposed Offshore Route of DOW Pipeline



Detailed Visual Bottom Survey (Close Inspection for Pipeline Route)



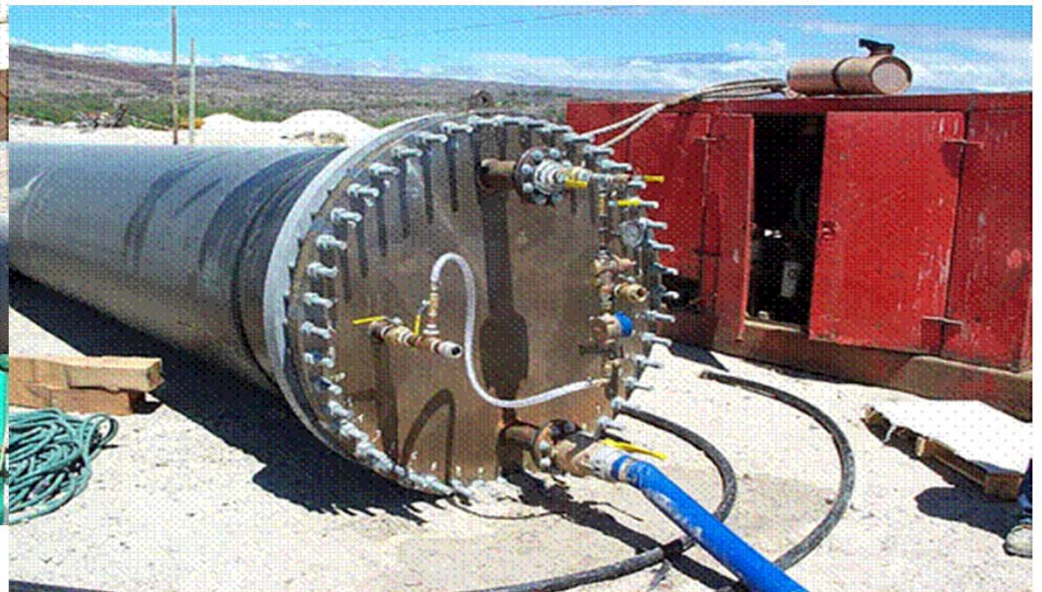
Remotely Operated Vehicle
(ROV)



Shoreline Crossing (Trenching / Micro Tunneling)



Deep Ocean Water Pipeline Construction

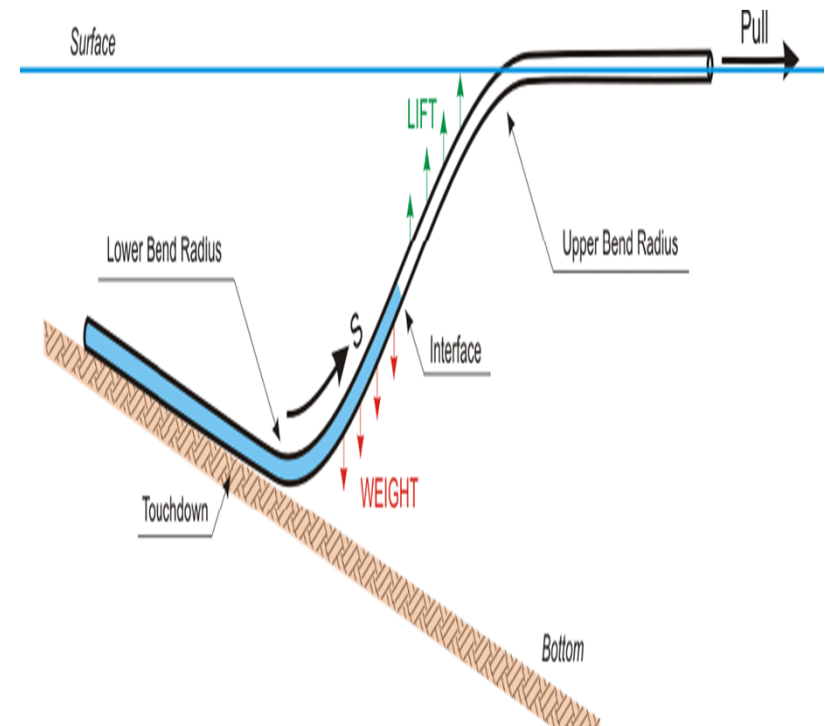
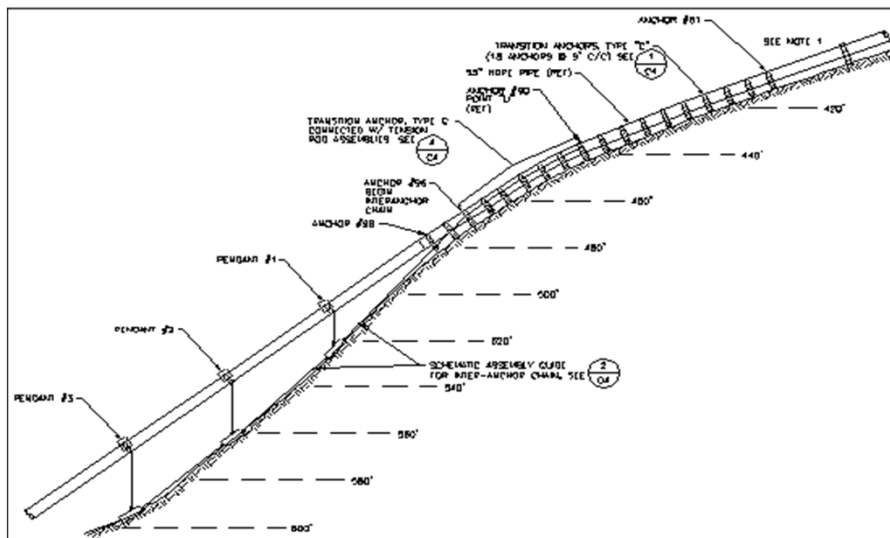
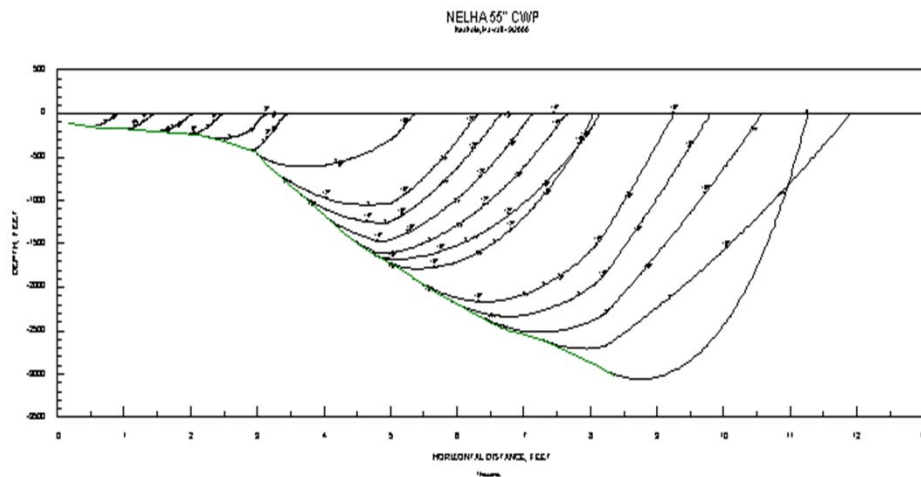


Deep Ocean Water Pipeline Deployment



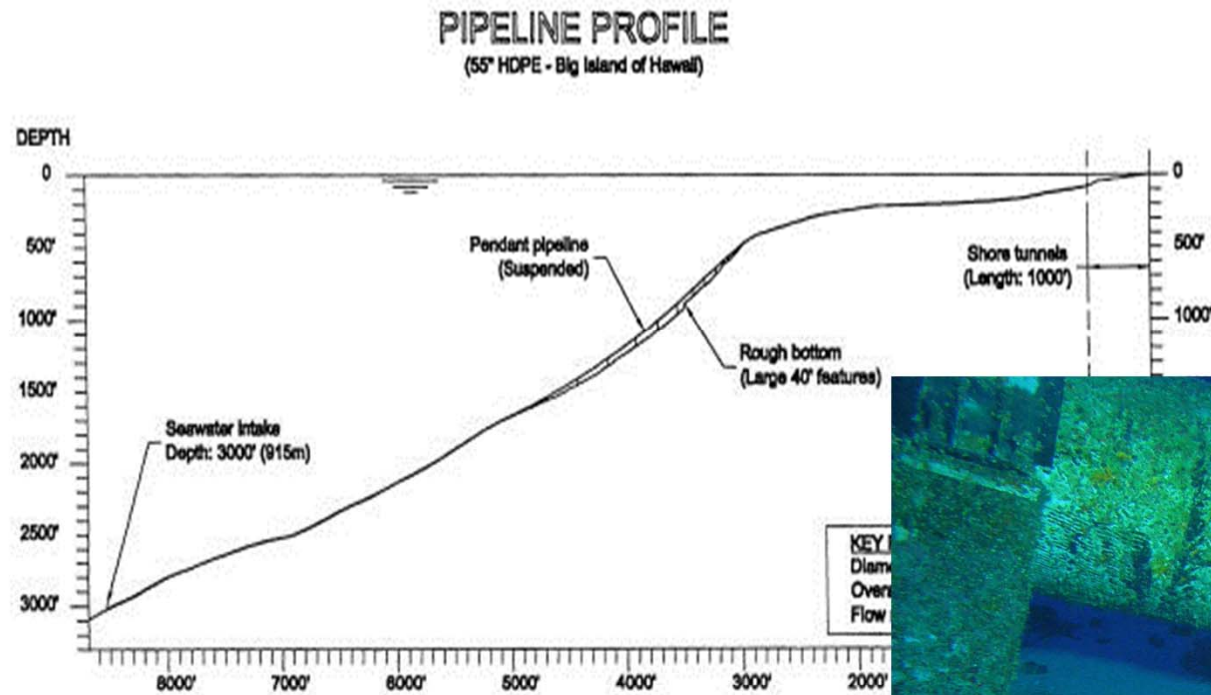
Pipeline Deployment Process

(The Most Critical Aspect of Construction)



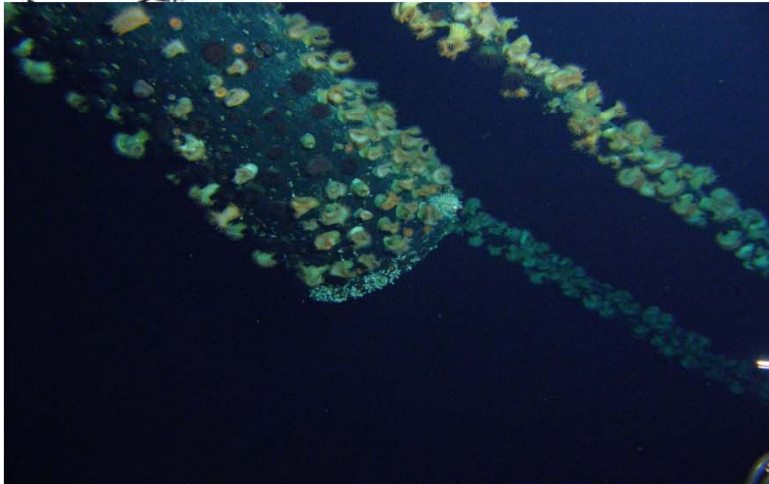
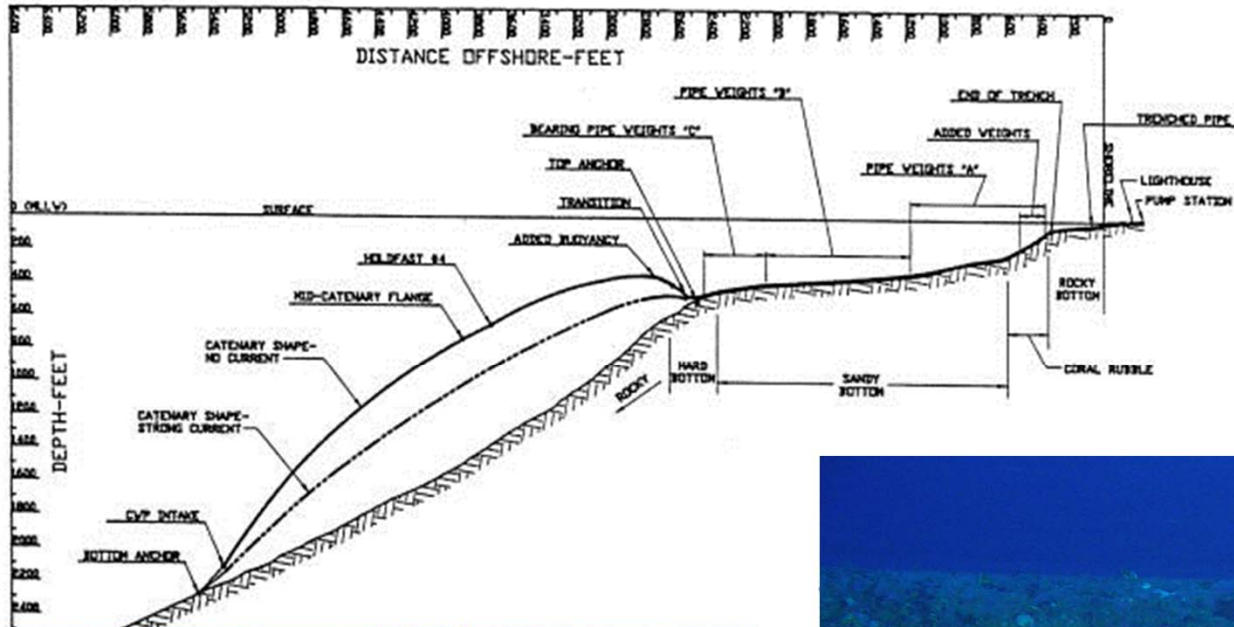
NELHA 1.4 M DOW Pipeline

Depth: 927M (2005)



NELHA 1.0M DOW Pipeline

Depth: 623 M (1987)

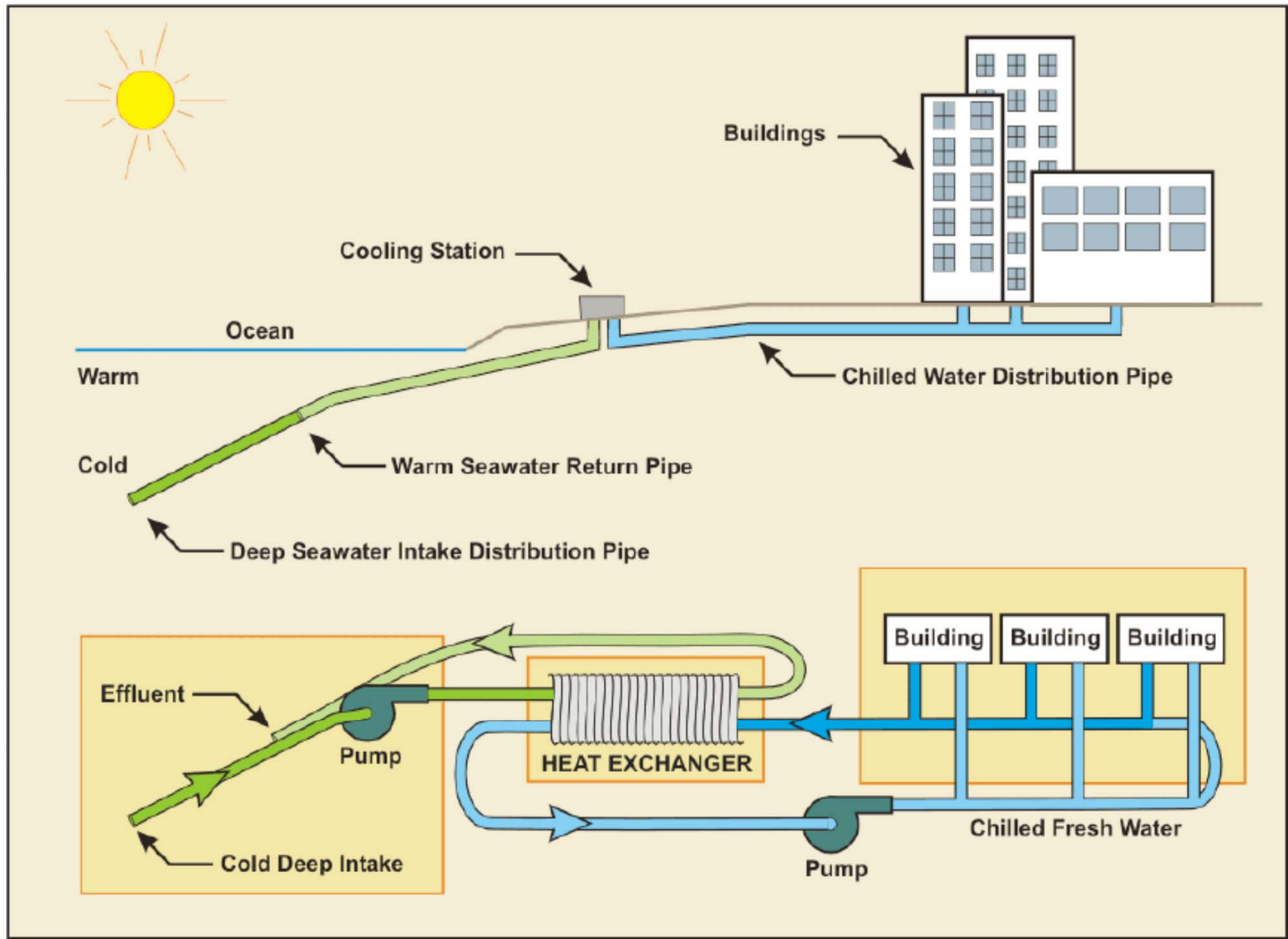


Primary Uses of Deep Ocean Water

- **Seawater Air Conditioning (SWAC)**
- **Space Cooling / Refrigeration (Data Centers)**
- **Ocean Thermal Energy Conversion (OTEC)**
- **Desalination**
- **Mariculture**
- **Agriculture**

DEEP SEAWATER AIR CONDITIONING SWAC

- SWAC uses Cold, Deep Ocean Water as an Energy Resource for Air Conditioning and other Space Cooling Applications
- Chilled Water Resource can be Cold Seawater, Lake Water, Reservoir Water, River Water or any Chilled Solution of compatible quantity
- Chilled Water is used as the Primary Substitute for the Refrigeration Process



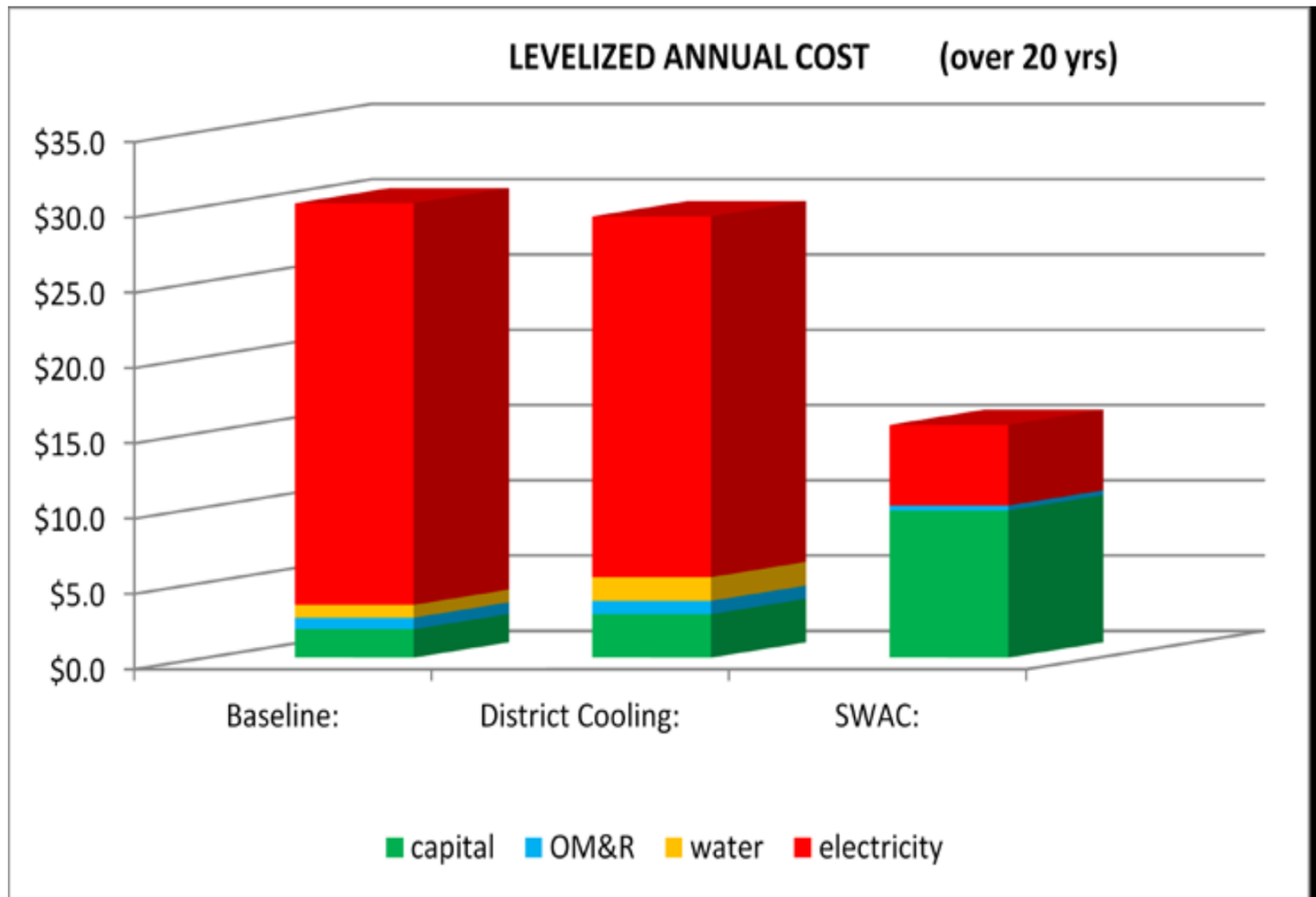
Factors Affecting Economic Viability

- Optimal Access to Cold Water
(Shorter pipelines are more economical)
- Large Size (Economy of scale – Systems <1,000 tons are difficult to justify)
- Concentrated Customers Close to Shore (Small Distribution System)
- High AC Utilization Throughout the Year
- High Electrical Rates / High Reliance on Importation of Fossil Fuels

Advantages of SWAC

- Technologically Ready Today – Low Risk
- Offsets Electrical Demand - Guaranteed
(Each ton of AC saves ~ 0.7 kW)
- Reduces Reliance of Fossil Fuels
(Deep Seawater = Renewable Resource / Reduces Power Plant Emissions)
- Saves 75-85% of Energy Costs
- Reduces need for Chillers & Cooling Towers
(Eliminates Ozone-Depleting Greenhouse Gases, Saves Potable Water and Reduces Sewage)
- Rapid Return on Capital Investment (5-7 Years)
- Easily Adaptable to Conventional Chill Water Air Conditioning Systems

Levelized Cost Comparison



Courtesy – NAVFAC

Current SWAC Installations

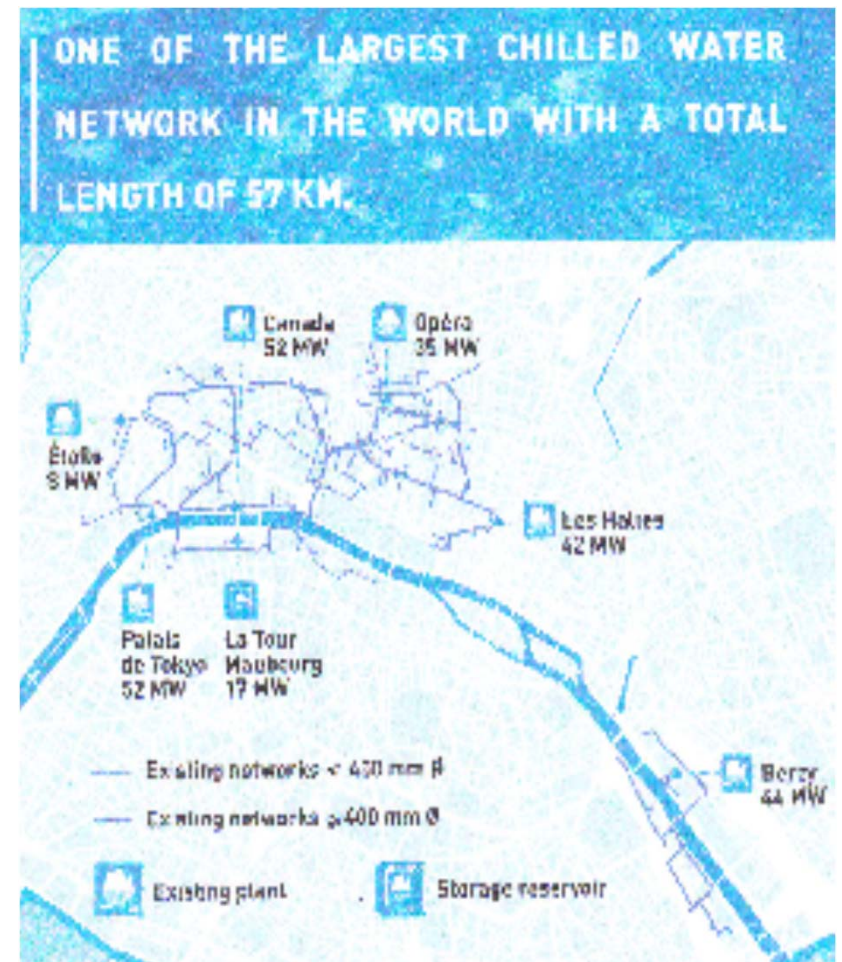
- City of Stockholm (100,000 tons)
- City of Toronto (80,000 tons)
- Cornell University (20,000 tons)
- Purdy's Warf – Nova Scotia (1,000 tons)
- Intercontinental Hotel – Bora Bora (450 tons)
- NELHA (100 tons)

Proposed SWAC Installations

- Honolulu, Hawaii (25,000 tons)
- Waikiki (35,000 tons)
- Tumon Bay, Guam (11,000 – 16,000 tons)
- Reunion Island (20,000 tons)
- Curacao (2,400 tons)
- Mauritius
- Aruba
- Kona International Airport (4,000 tons)
- Many More Freshwater Installations (Netherlands / France)

Climespace – District Cooling System Paris, France

- Uses Freshwater from the Seine River
- 6 Production Plants
- 1 Storage Center for Ice (17 MW)
- Connected Load = 270 MW
- 57 KM Chillwater Network
- Connected Offices = 4 million square meters





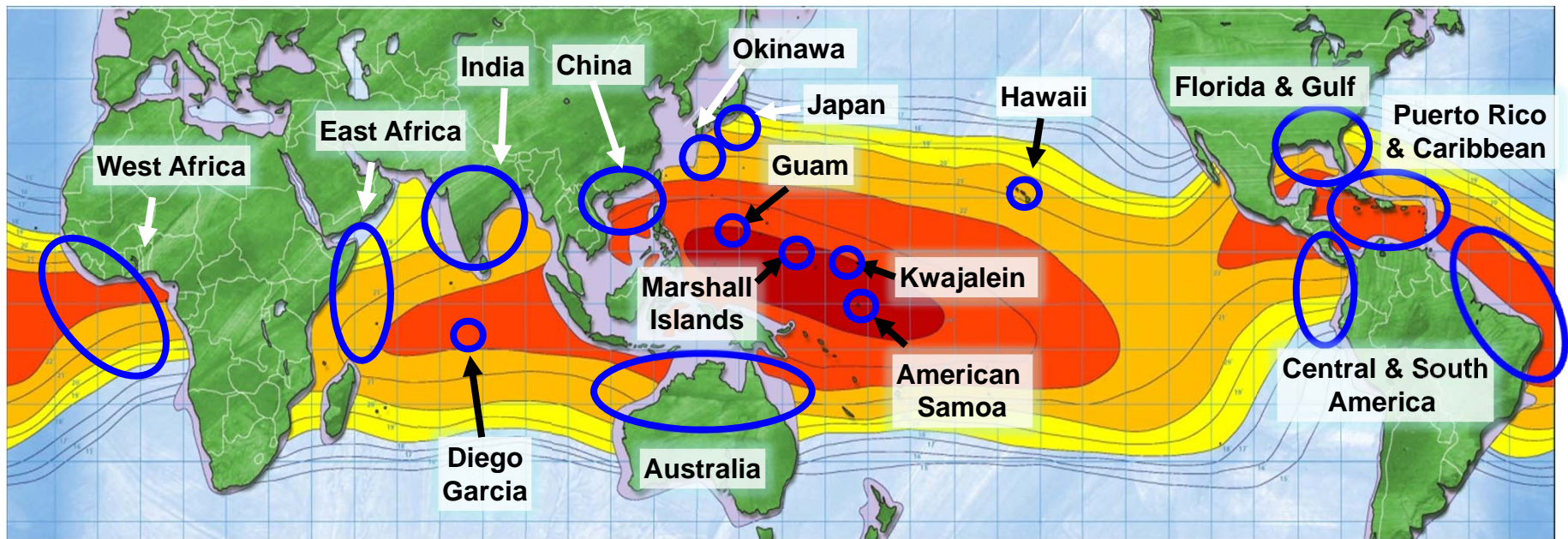
JACQUES D'ARSONVAL

OCEAN THERMAL ENERGY CONVERSION (OTEC)

- 1881 CLOSED CYCLE OTEC CONCEPT PROPOSED BY JACQUES D'ARSONVAL
- 1930 - 1ST OTEC PLANT MATANZAS BAY, CUBA BY GEORGES CLAUDE (OPEN CYCLE - NO NET POWER)
- 1979 - MINI-OTEC - WORLD'S FIRST NET POWER PRODUCING OTEC PLANT (NELH - KEAHOLE POINT HAWAII)

OTEC is a Solution for Large scale baseload power

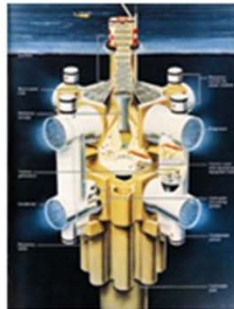
A New Secure Renewable Energy Source



Over 84 Countries have direct access to the OTEC Resource

OTEC History

1974: Hawaii
established
Natural Energy
Laboratory
(NELHA)



1975: NSF OTEC
Studies
(Lockheed, TRW)

1979: 50 kW
Mini-OTEC
(Lockheed & Makai)



1981: OTEC-1
Test
(DOE)



1983: CWP At
Sea Test
(TRW for DOE)



1981: 100KW
OTEC Nauru
Plant
(Toshiba)



1993: 250kW
Open Cycle
(PICTHR)

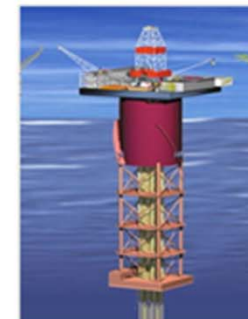


1996-2000:
50KW Hx
testing
(NELHA)

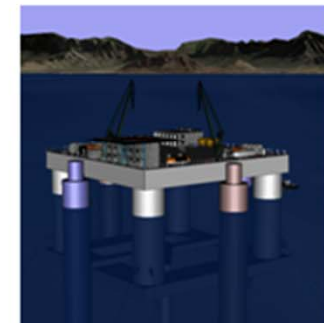


2000: India
1MW OTEC
Plant
(NIOT)

2005: Diego
Garcia
Feasibility
(OCEES SBIR)



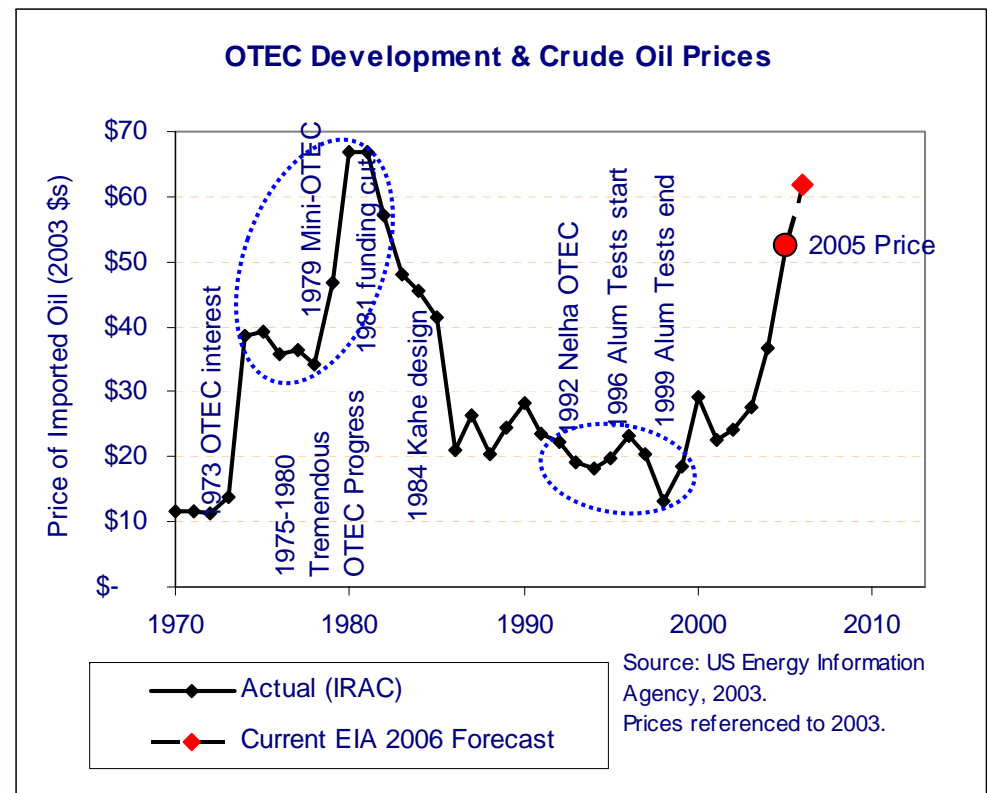
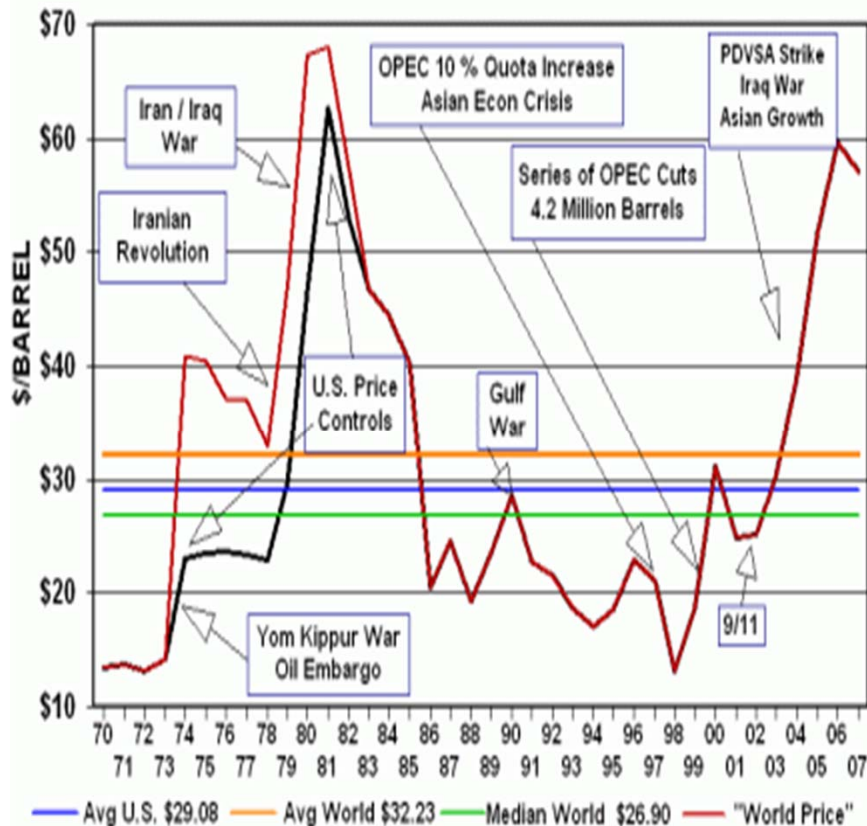
2006: OTEC
Study
(Makai SBIR)



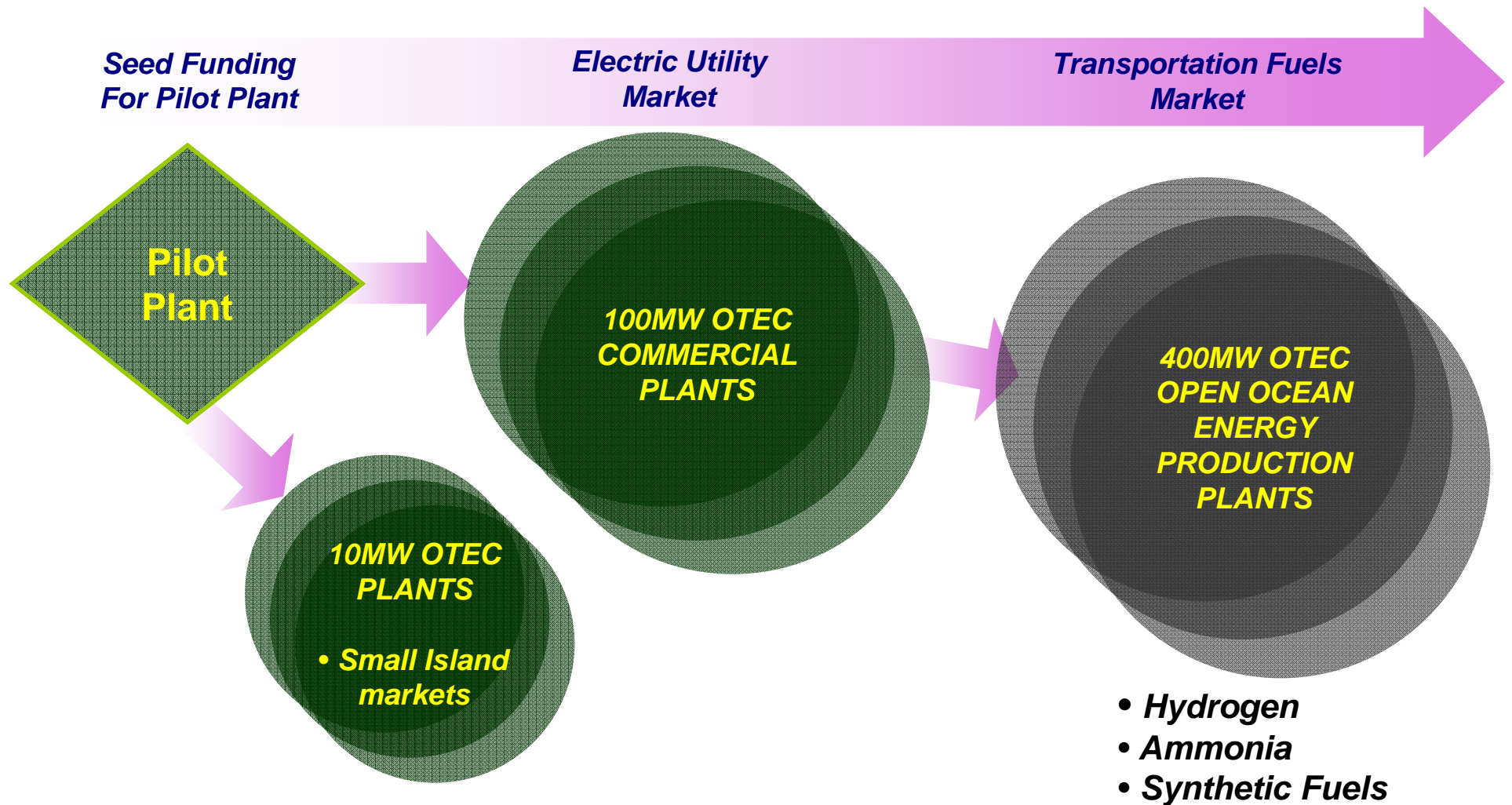
2007-present: Pilot
Plant Design
(Lockheed Martin Team)

Conceived in Late 1800s; First Tested in 1900s; Implemented in 2000s

There is an Interesting Relationship between the Price of Oil and Investment in OTEC



The OTEC Vision for the Future



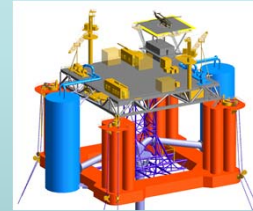
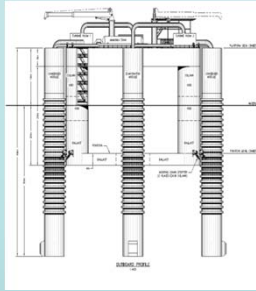
OTEC is Poised to be a Global Energy Resource

Challenges of OTEC Development

- **Currently No OTEC Industry**
(Only Small Scale Testing So Far – Baby Steps - Just Toys So Far)
- **Scaling Up is Unproven and Expensive**
- **Funding is Difficult to Obtain**
(World Bank Will Not Fund Unproven Technologies)
- **Several Technological Challenges Still Exist**
(Heat Exchangers / DOW Pipe / Platform / Platform-Pipe Interface)
- **Independent Development Slowing Progress**
(There is a Need for Large Scale International Cooperation's)

Key Advances Needed

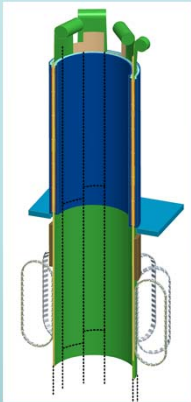
Platform



Platform

- Survivability
- Stability

Cold Water Pipe



Cold Water Pipe

- Deployment
- Survivability
- Scalability

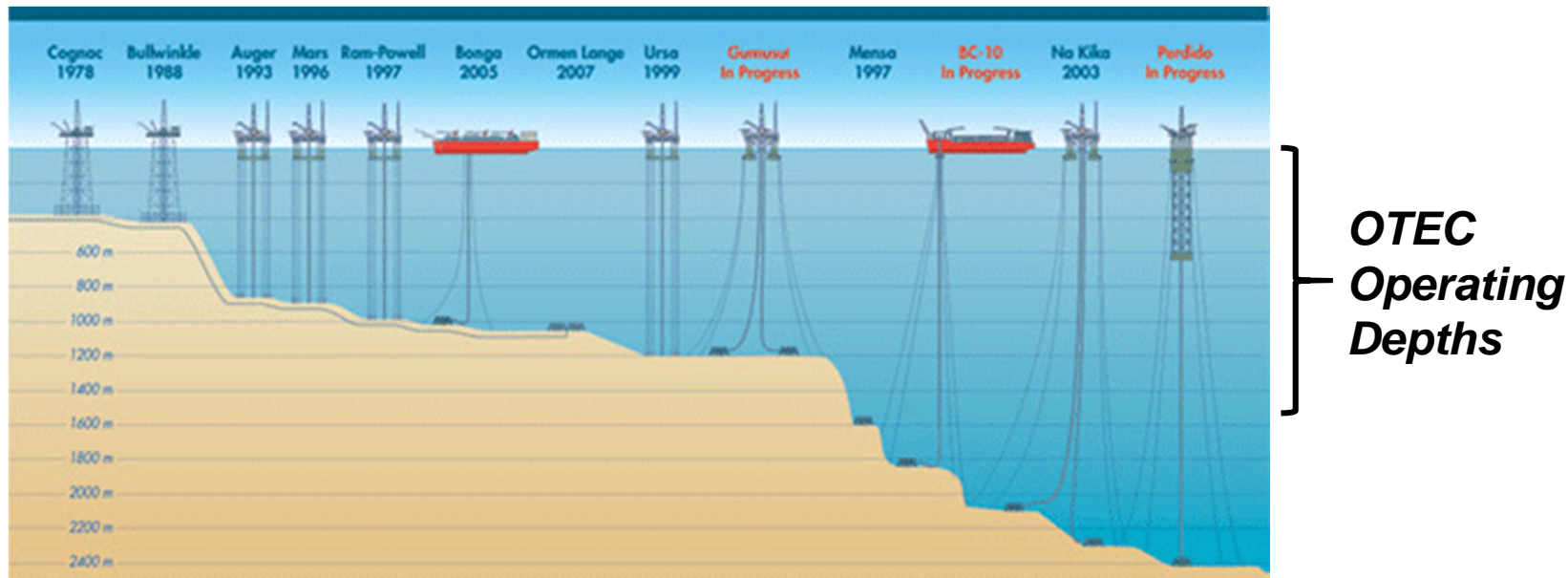
Heat Exchanger



Heat Exchangers

- Performance
- Corrosion
- Biofouling

Offshore Platform Advancements

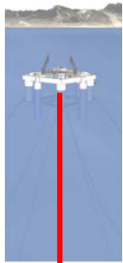


- *Proven platforms and installation methods (anchors, moorings, risers)*
- *Proven dynamic and static power cables at OTEC compatible ratings (depths, voltages)*
- *Validated complex modeling and prediction of coupled dynamic responses*
- *Advanced Model Basin capability for early concept validation*

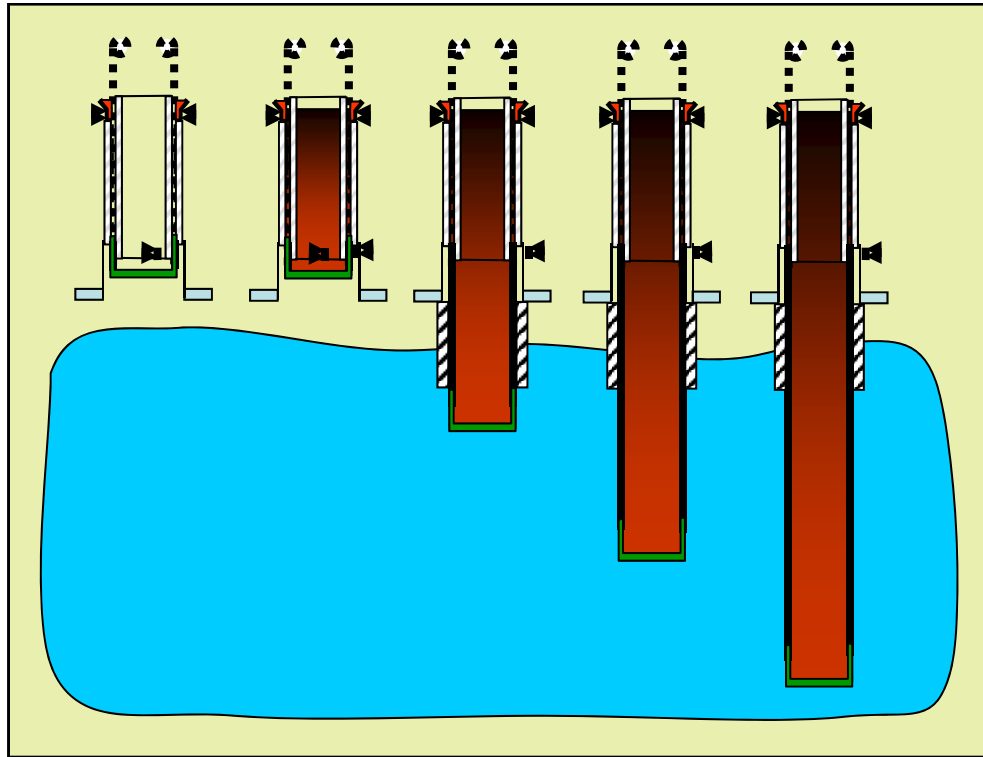
OTEC operating depths are well within the capabilities and experience of today's offshore industry

The OTEC Deep Ocean Water Pipe

The Pipe



In-Situ Fabrication



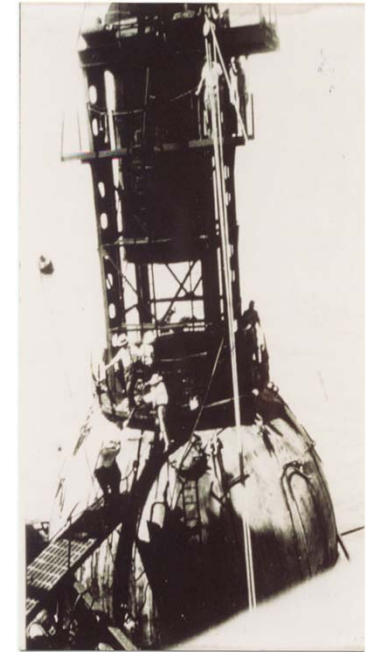
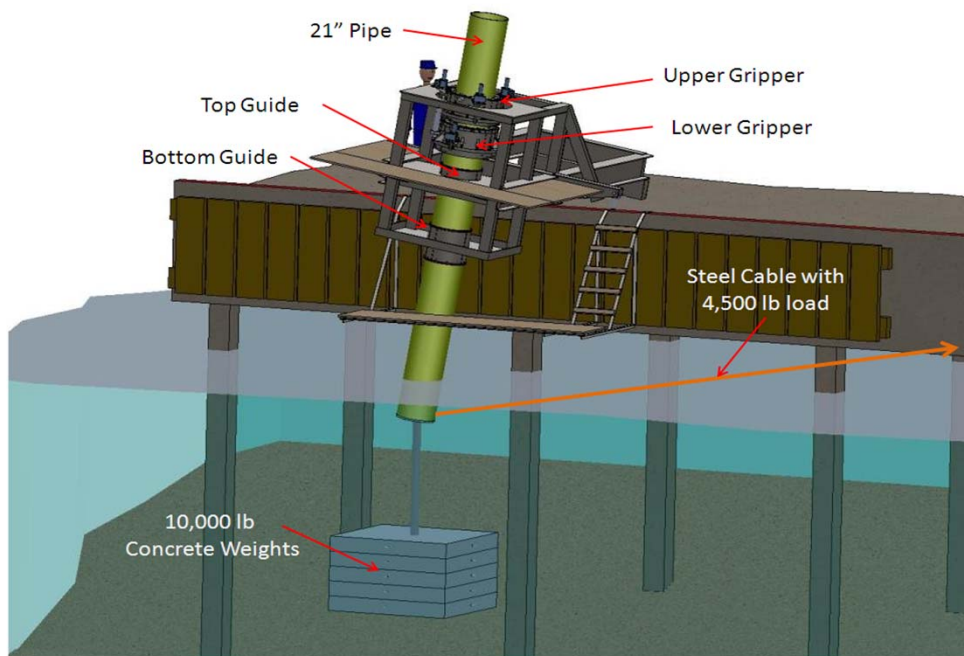
Cold Water Pipe Parameters

- 10MW Pipe 4m x 1000m
- 100MW Pipe 10m x 1000m

Fabrication on the platform eliminates major DOW deployment risk

Pipe Gripper Test Configuration

- Hold and Lower CWP From Any Point Along Its Length
- Minimize Relative Motions Between Platform and CWP

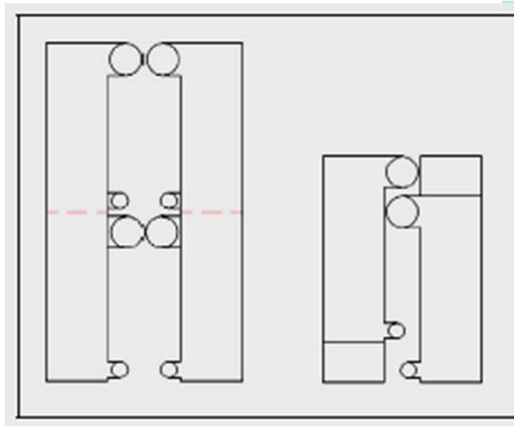
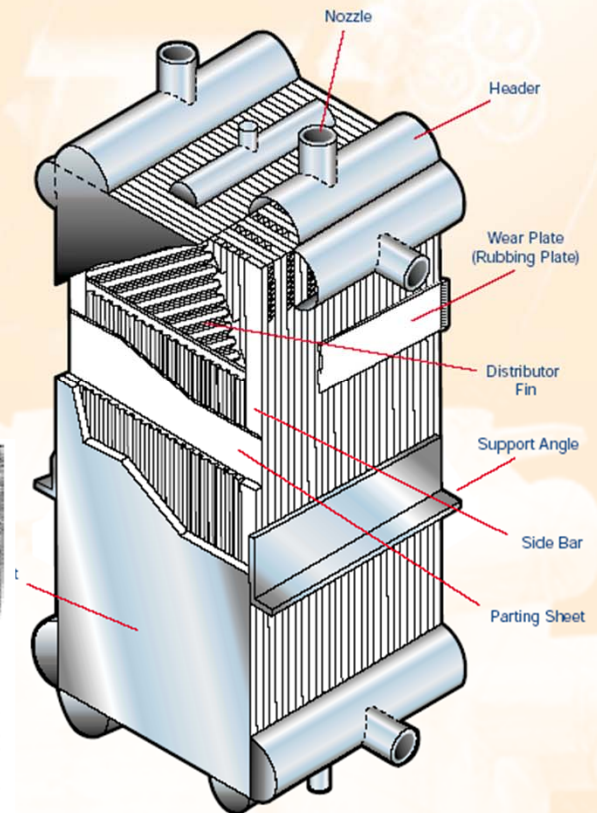
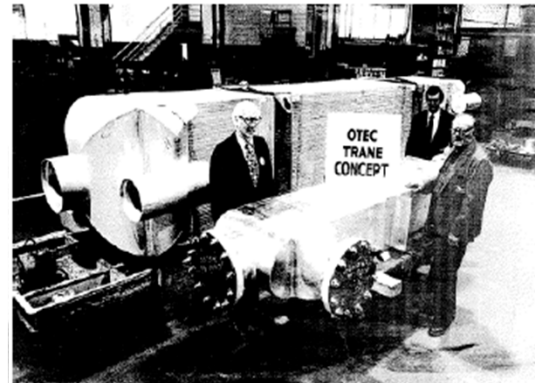
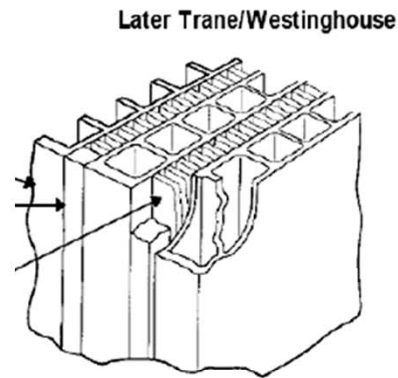


Claude's Gripper 1930's

Prototype Configuration Fully Exercised in Hawaii Summer 2010

Heat Exchangers

- Best HXs Tested for OTEC - ANL in 1981
- Brazed Aluminum
- Costs – Manufacturer
- Sizing Rationale
- Highly Scalable
- Laid out into Spar



Lockheed Martin Heat Exchangers at NELHA



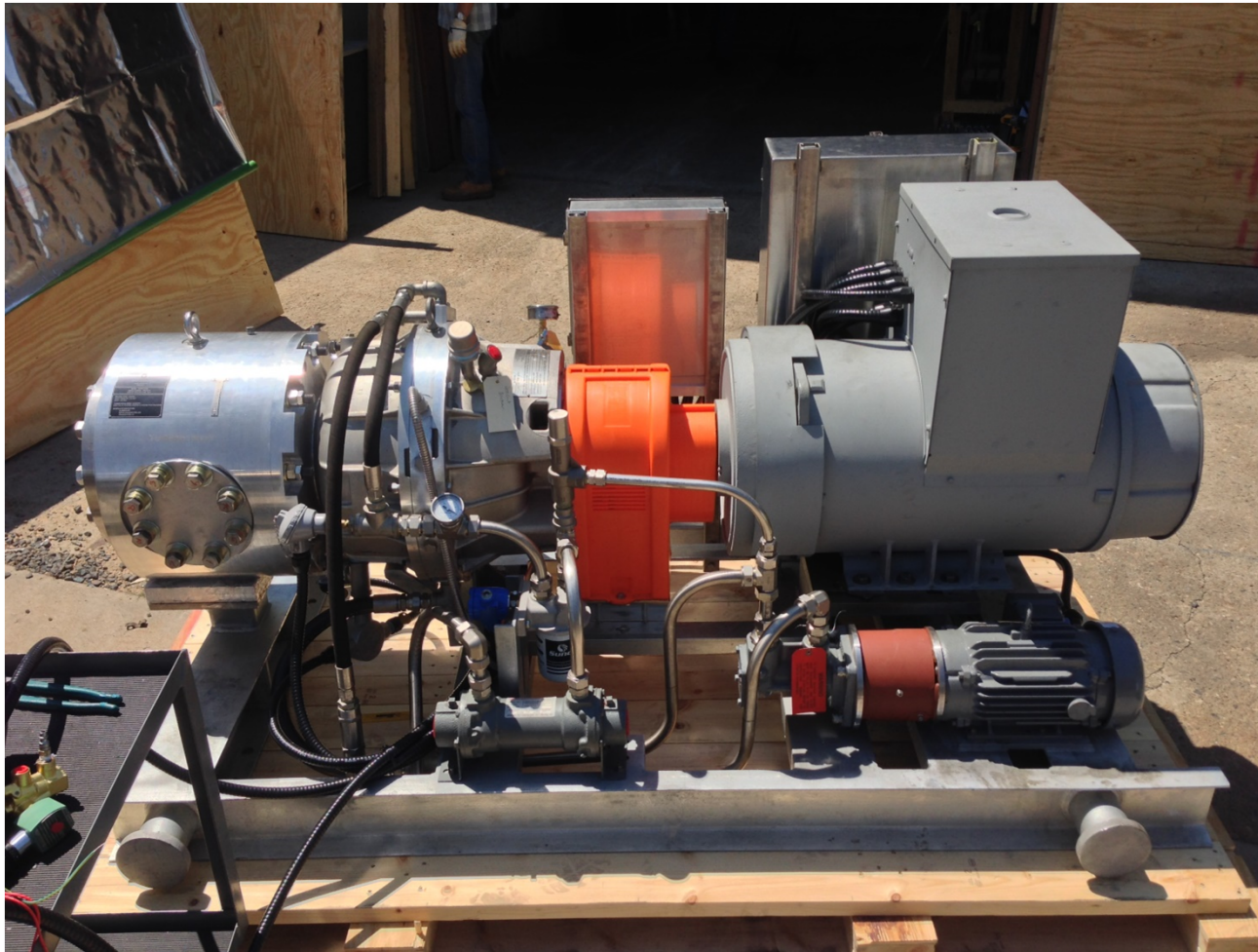
Most Recent Installations at MOE Ocean Energy Research Center (OERC) @ NELHA



Initial Thermal Performance Matches Expectations / Braised Aluminum Evaporator Possible

MAKAI OCEAN ENGINEERING

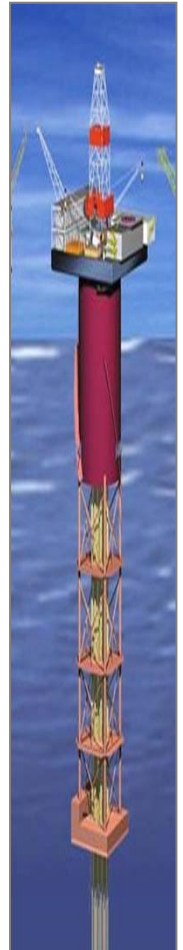
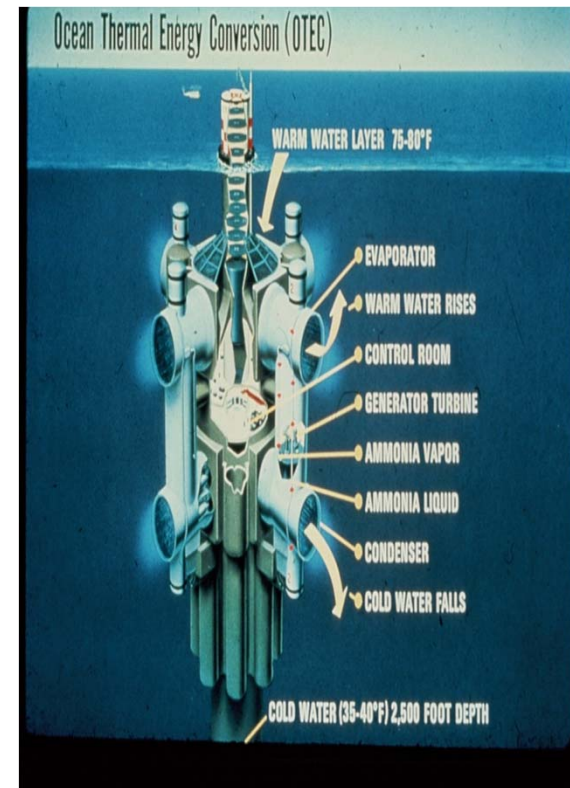
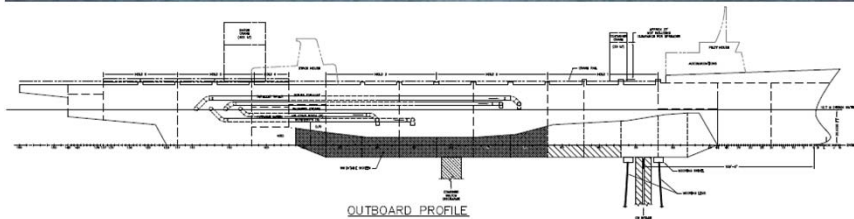
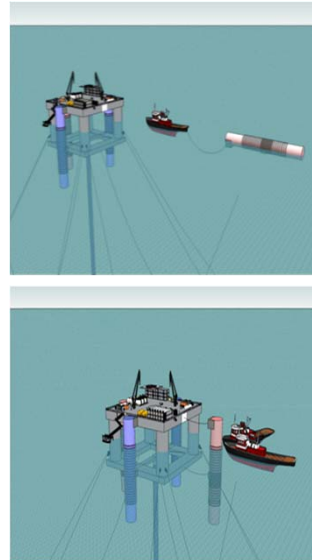
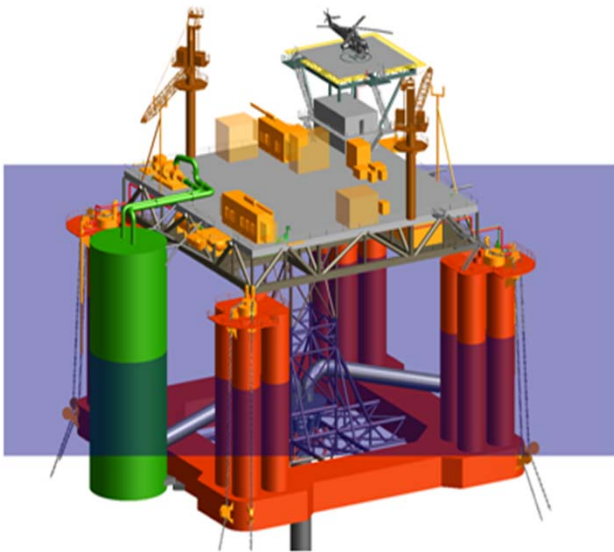
100 KW TURBINE GENERATOR



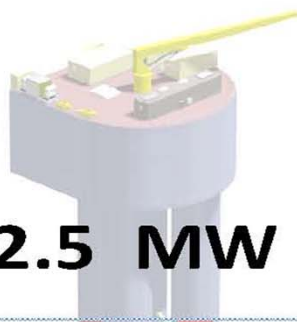


Japanese OTEC Test Facility (Kumejima, Okinawa)



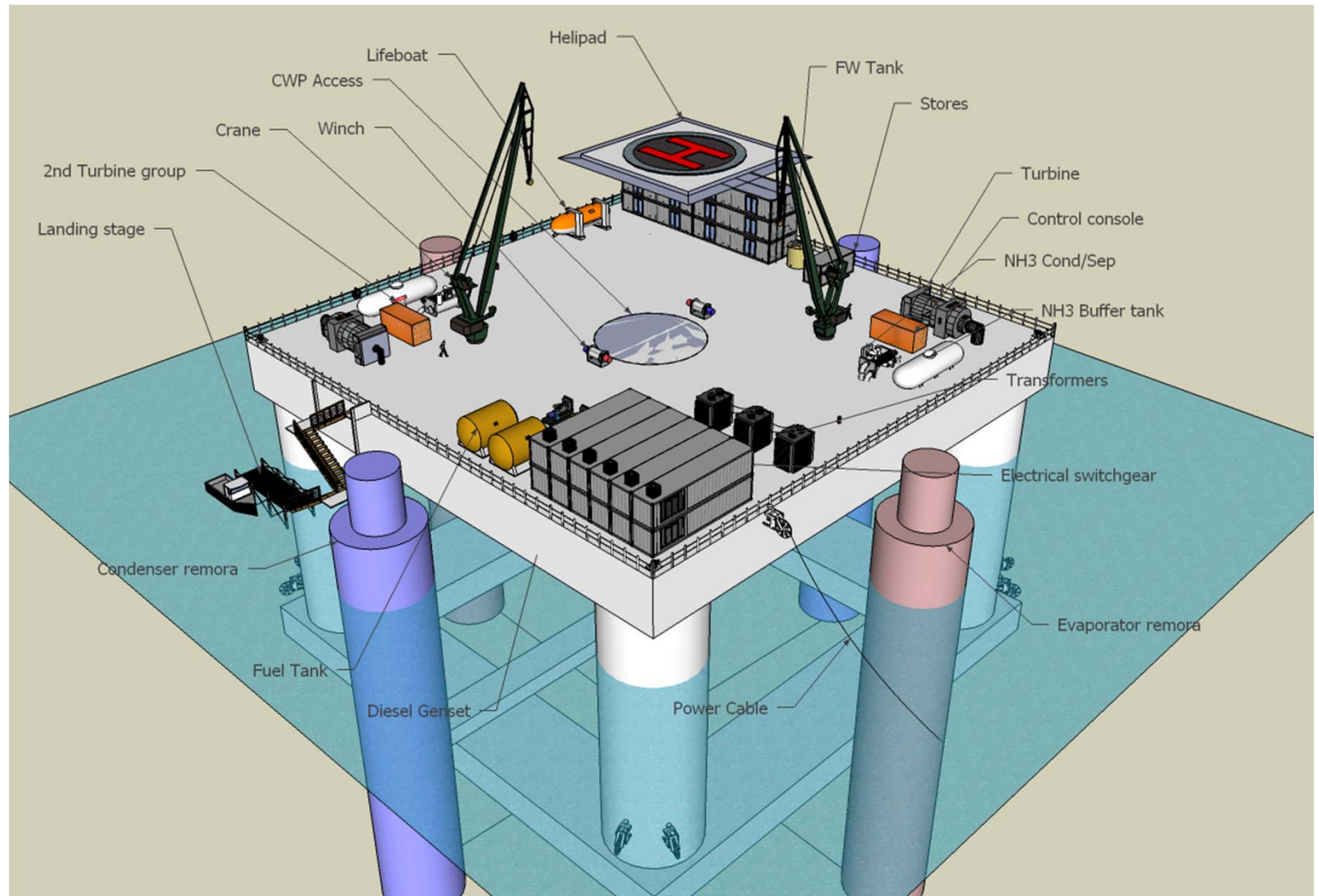
Possible OTEC Plant Configurations



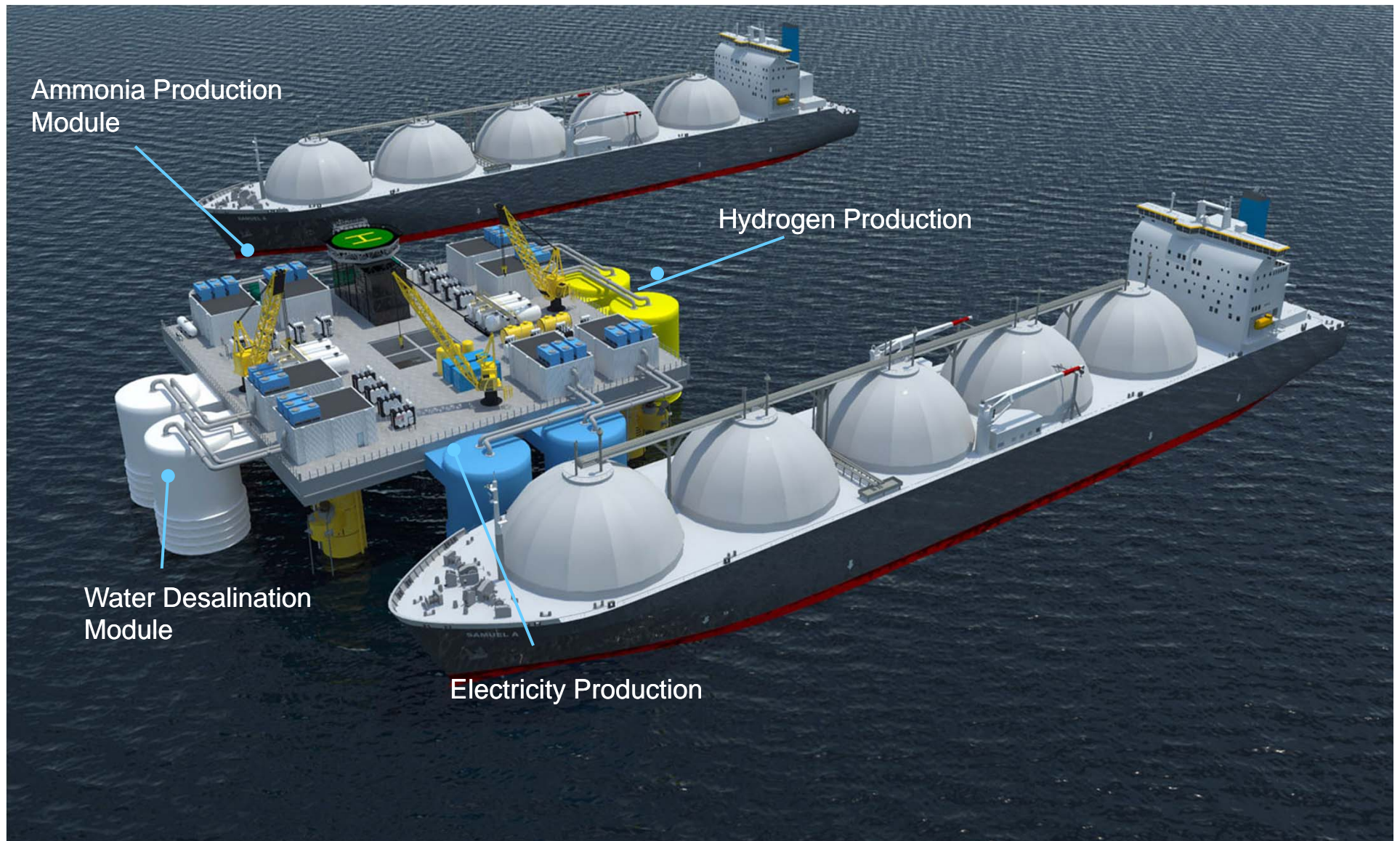
OTEC Plant Flow & Discharge Configurations

		 2.5 MW	 10 MW	 100 MW
Warm seawater	Tonne/sec	15.8	46	430
	m ³ / sec	15.3	44.7	420
	gallon/min	243 k	710 k	6.7 million
	Temperature °C	25.7	25.7	25.7
	°F	78.3	78.3	78.3
Intake area	m ²	102	298	2800
Cold seawater	Tonne/sec	10.5	36.7	329
	m ³ / sec	10.2	35.7	320
	gallon/min	162 k	565 k	5.1 million
	Temperature °C	4.1	4.1	4.1
	°F	39.4	39.4	39.4
Cold water pipe ID	m	2.3 m HDPE	4 m FRP	10 m FRP
Discharge water	°C	17.1	16.1	16.3
	°F	62.7	61.0	61.4
Parameters to attain plume depth > 130 m		1 x 114m deep @ 1.1 m/s Model simulates 100 MW.	2 x 70 m deep @ 1 m/s 120 - 140 m. 127m avg.	4 x 70 m deep @ 1.9 m/s 8 x 95 m deep @ 1.9 m/s

10 MW Semi-Sub Platform



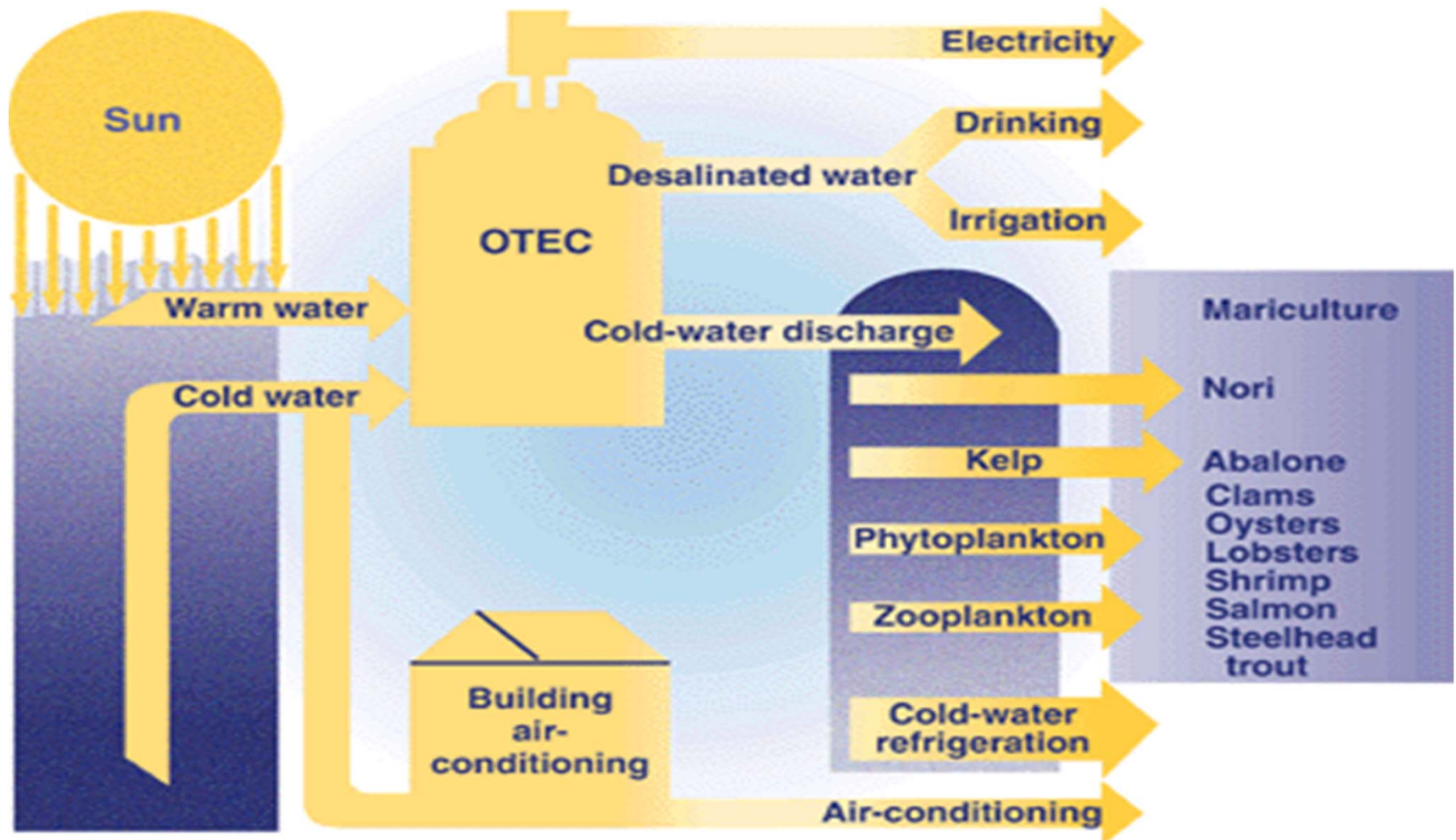
Multi-product Commercial OTEC Plant



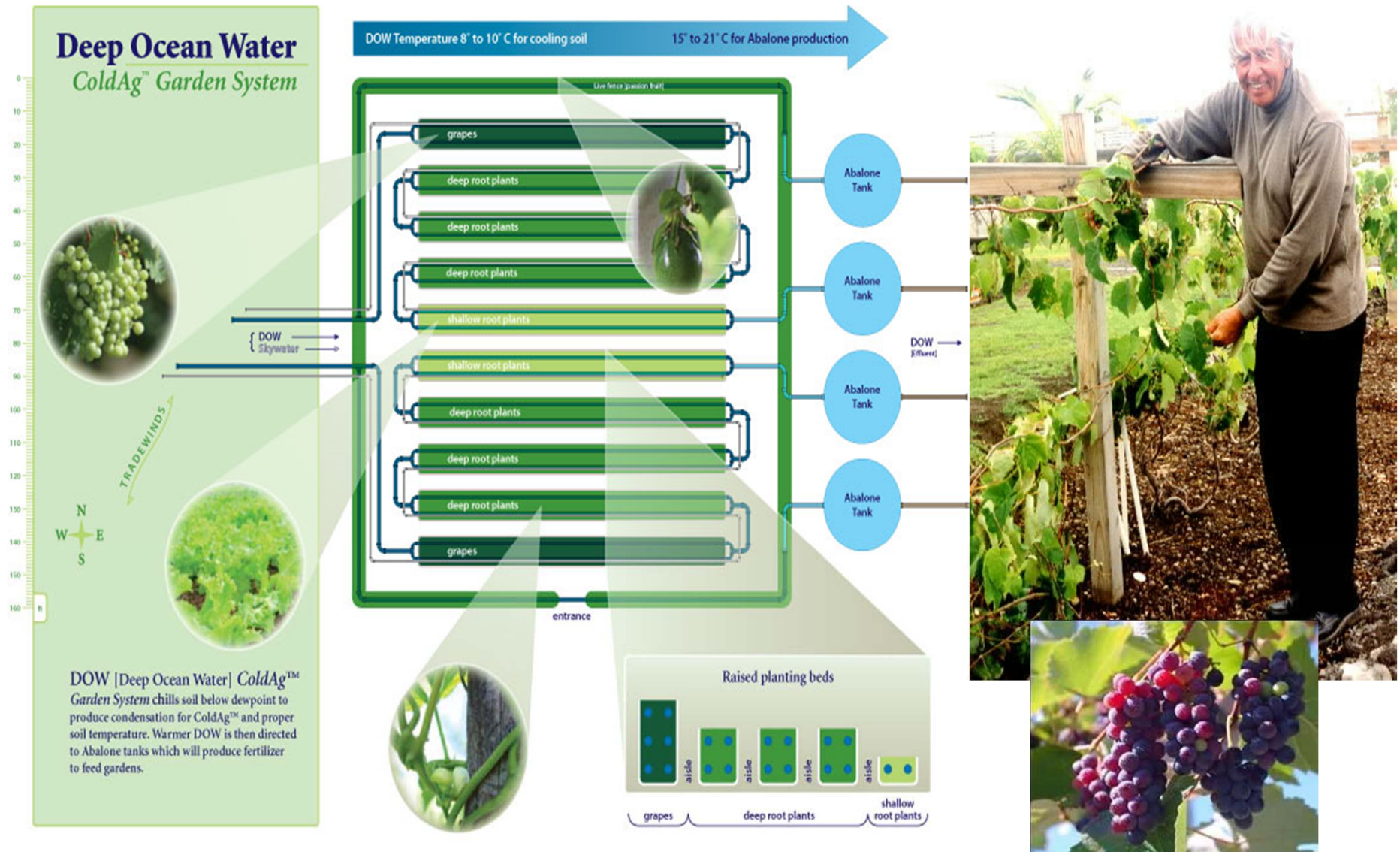
OTEC – Where Are We Now

- MARTINIQUE – DCNS/France (10 MW)
- CHINA / LOCKHEED MARTIN -
TAIWAN (10 MW)
- PHILLIPPINES (10 MW)
- INDONESIA (10 MW)
- SMALL R/D – BLUERISE / LA
REUNION / NELHA / JAPAN / KOREA

Seawater Systems Schematic



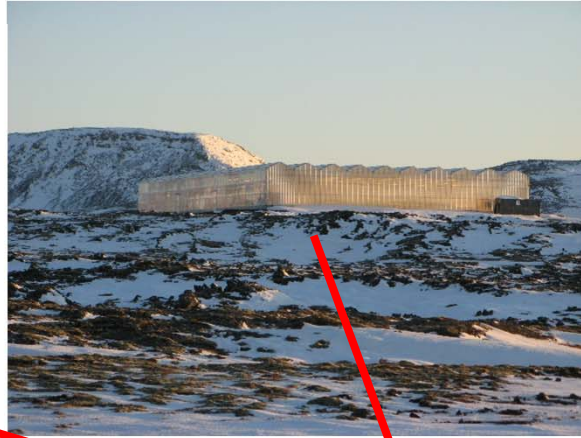
Deep Ocean Water Garden



Climate Controlled Greenhouses using DOW



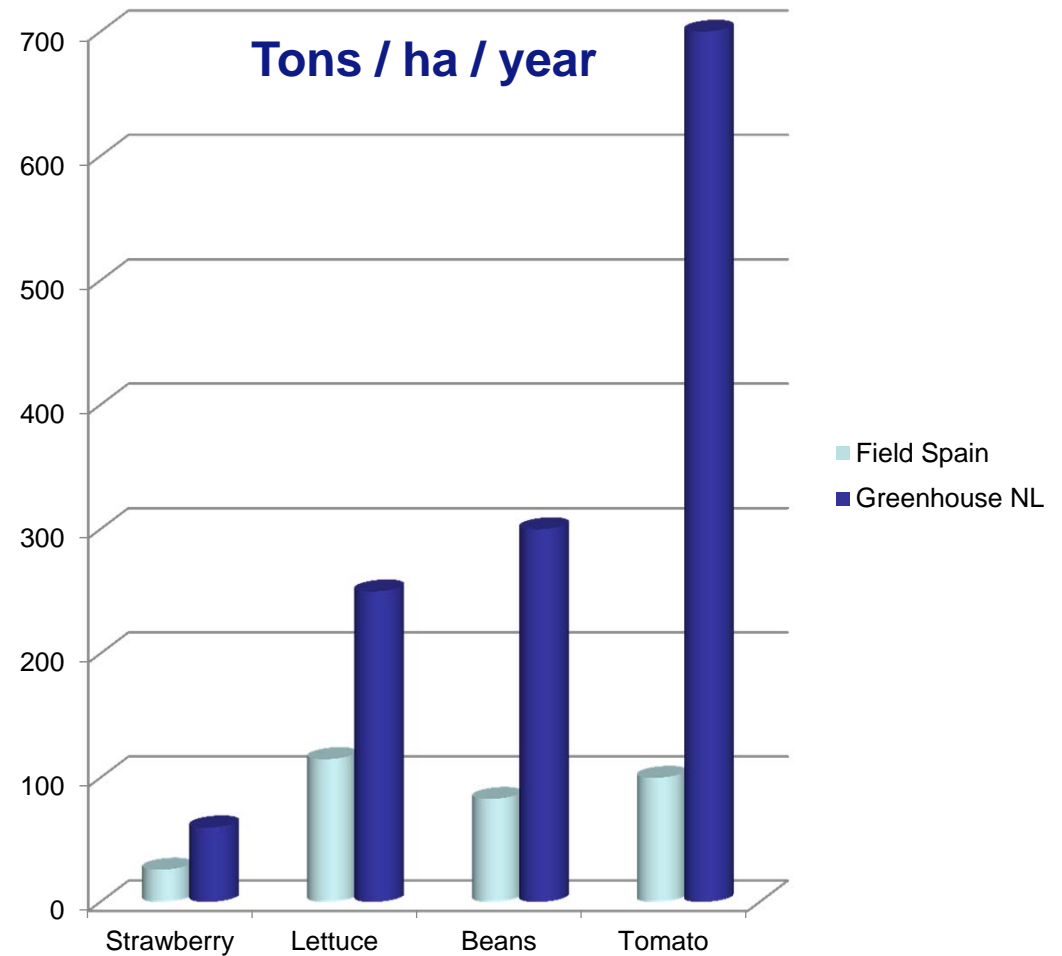
Green Houses are Adaptable to any Region



Greenhouse Performance is Superior to Outdoor Field Production

2–5 times higher yield than field grown, for crops from the same climatic zone

10–20 times higher yield for Mediterranean crops grown in cooler zones

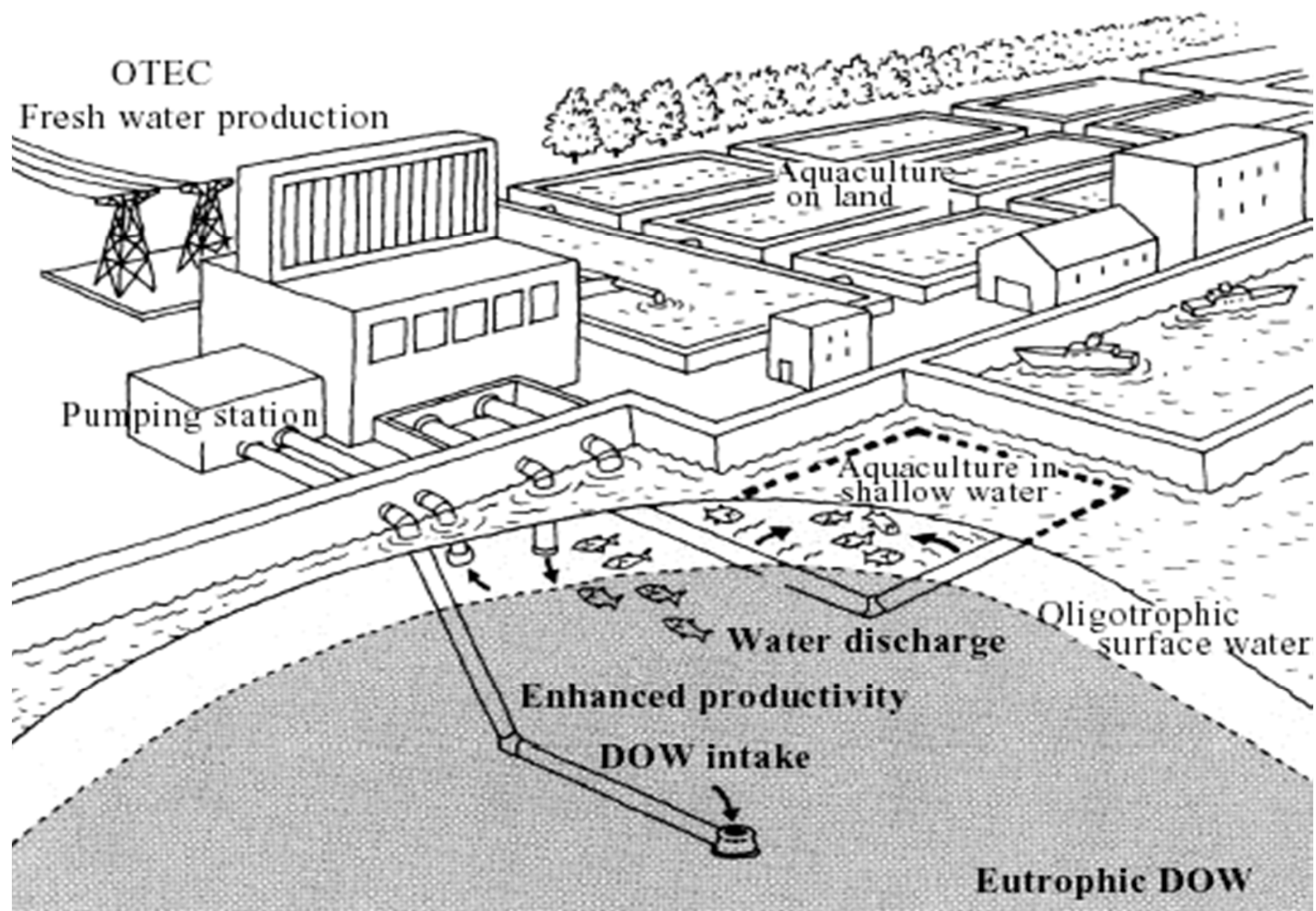


SECONDARY USES OF DEEP OCEAN WATER

ECO-PARKS
(Niche Market Products)

Locations Interested or Operating NELHA Type "EcoParks"

- Republic of Mauritius
- Humboldt, California
- Reunion Island
- Martinique
- Japan
- Taiwan
- Korea
- China
- Curacao



LAND-BASED OCEANIC INDUSTRY MAURITIUS

BRINGING OUT VALUE FROM
DEEP
INDIAN OCEAN WATER



The proposed Land-based Oceanic Industry Complex is to be built on the southern coast of Mauritius.



A Unique Concept



[Establishment of DOWARC (2001~2005)]

- Purpose: R&D of multi-purpose use of DOW
- Capability: 2,000ton/day of 300m/500m DOW
- Construction Period: '04.8 ~ '05.12
- Location: 245-7 Oho-ri, Jukwang-myeon, GW
- Facility : SWAC, OTEC & NF-RO test etc.



[DOWARC Building & Facility]

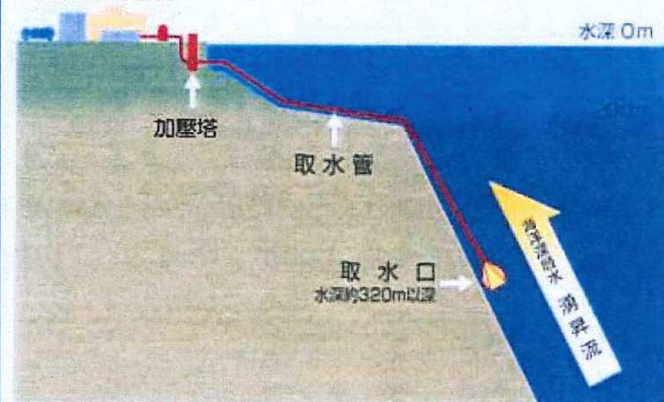
- Area 7,500m², Building 2,310m²
- HQ Bd, SWE Bd, DESAL Bd, Aqua/Agri-CULT Bd, Exhibit. Hall



Deep Sea Water Development & Utilization in Taiwan



海洋深層水取水站



WRA, MOEA

ECOPARK PROPOSED FOR LA REUNION



The National Marine Research and Innovation Park



"If we want to make the best products, we also have to invest in the best ideas . . . Now is not the time to gut these job-creating investments in science and innovation. Now is the time to reach a level of research and development not seen since the height of the Space Race."

—President Barack Obama, State of the Union, February 2013



Humboldt Bay Harbor Recreation and Conservation District
Eureka, California

HUMBOLDT
STATE UNIVERSITY

Arcata, California

Conceptual Plan 1.1, March 2013

Most Promising Prospective EcoPark Industries

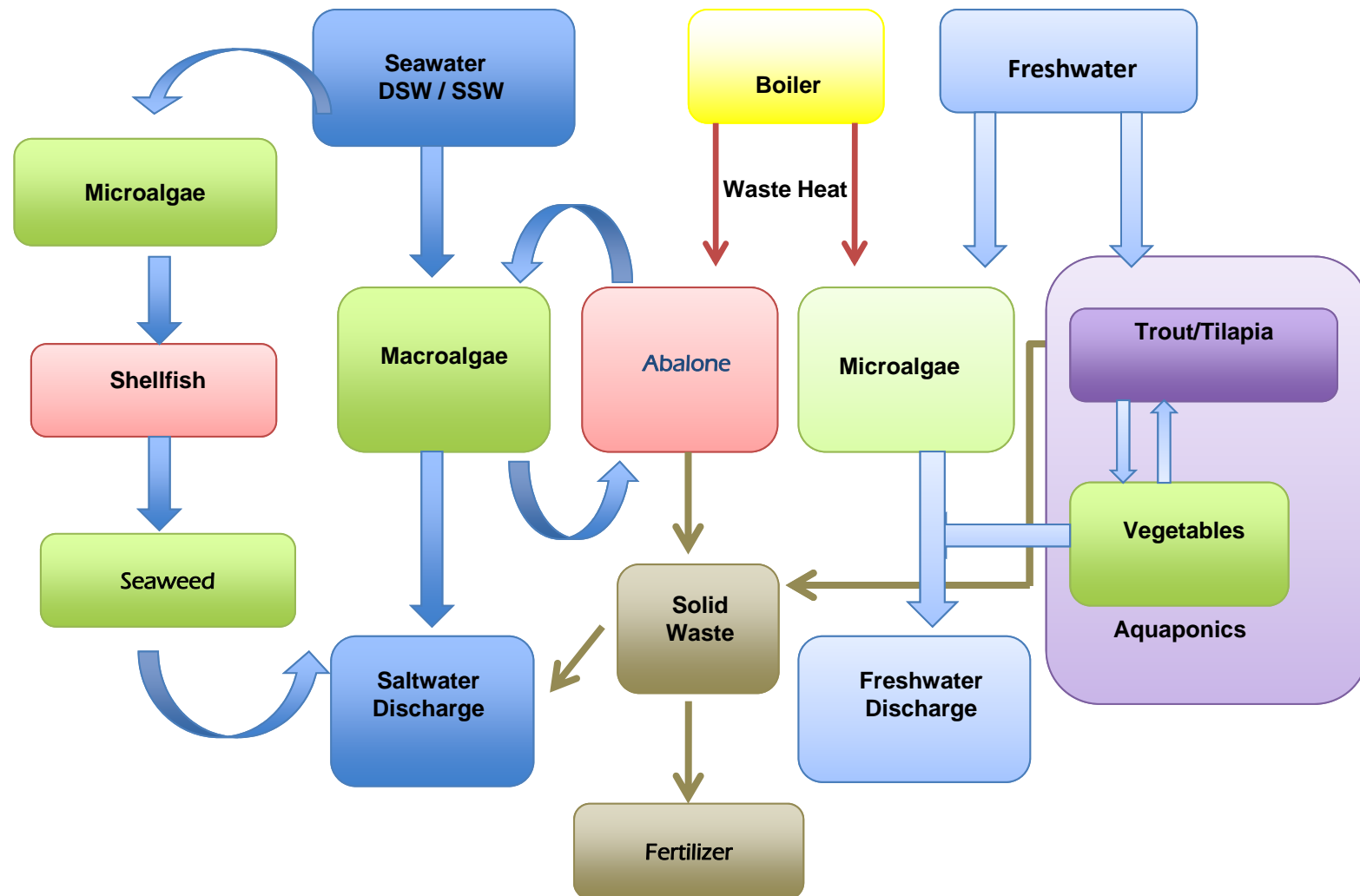
(Same as for DOW + SOW)

- SWAC
- SPACE COOLING / COLD STORAGE
- CLIMATE CONTROLLED AGRICULTURE
- AQUACULTURE
- DESALINATION
- OTEC R&D (OTEC will be an Offshore Industry)

Complimentary EcoPark Prospects

- Waste to Energy / Reuse / Recycling (Heat Resource)
- Renewable Energy (Wind / Solar / Energy Storage)
- Cosmetics / Neutraceuticals
- Specialty Salts & Brine (Nigare)
- Spa / Health Centers / Thelasootherapy
- Visitor's Center / Aquarium / Restaurant
- Marine Science & Education Center
- Production of Biofuels / Energy Storage Devices
- Production of Electric Vehicles
- Precious Mineral Extraction

Cascading Eco-Systems Approach



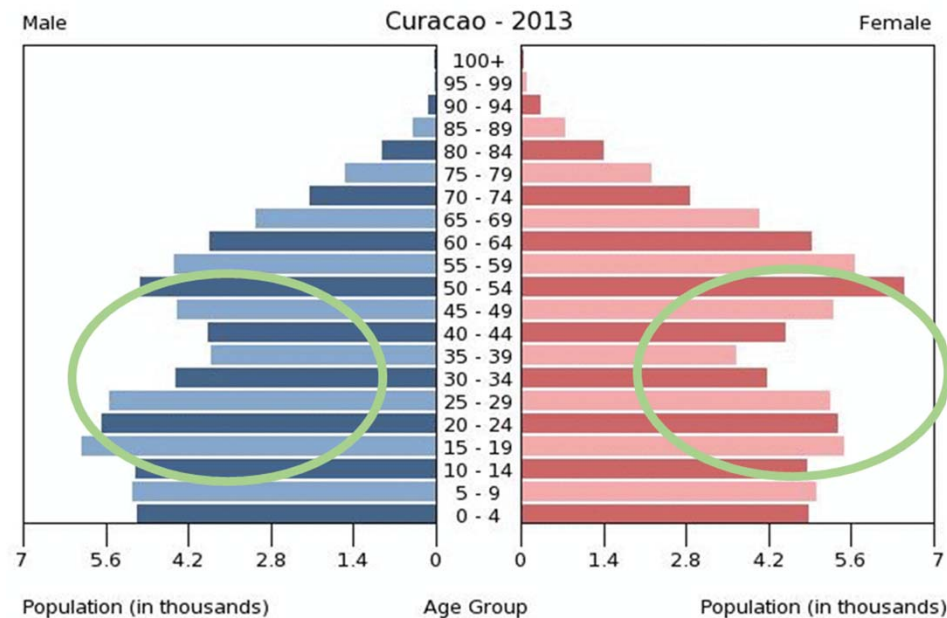
Island Nation Challenges

- Keep Electricity Costs Economical
- Reduce Dependence on Foreign Oil
- Maintain Reliability / Sustainability
- Manage Community and Environmental **Impact**



Island Nations Are Typically Economic “Brain Drains” for the Youth?

- Curacao - 13% Unemployment Sept/October 2013



2.09 children born/woman (2013 est.)

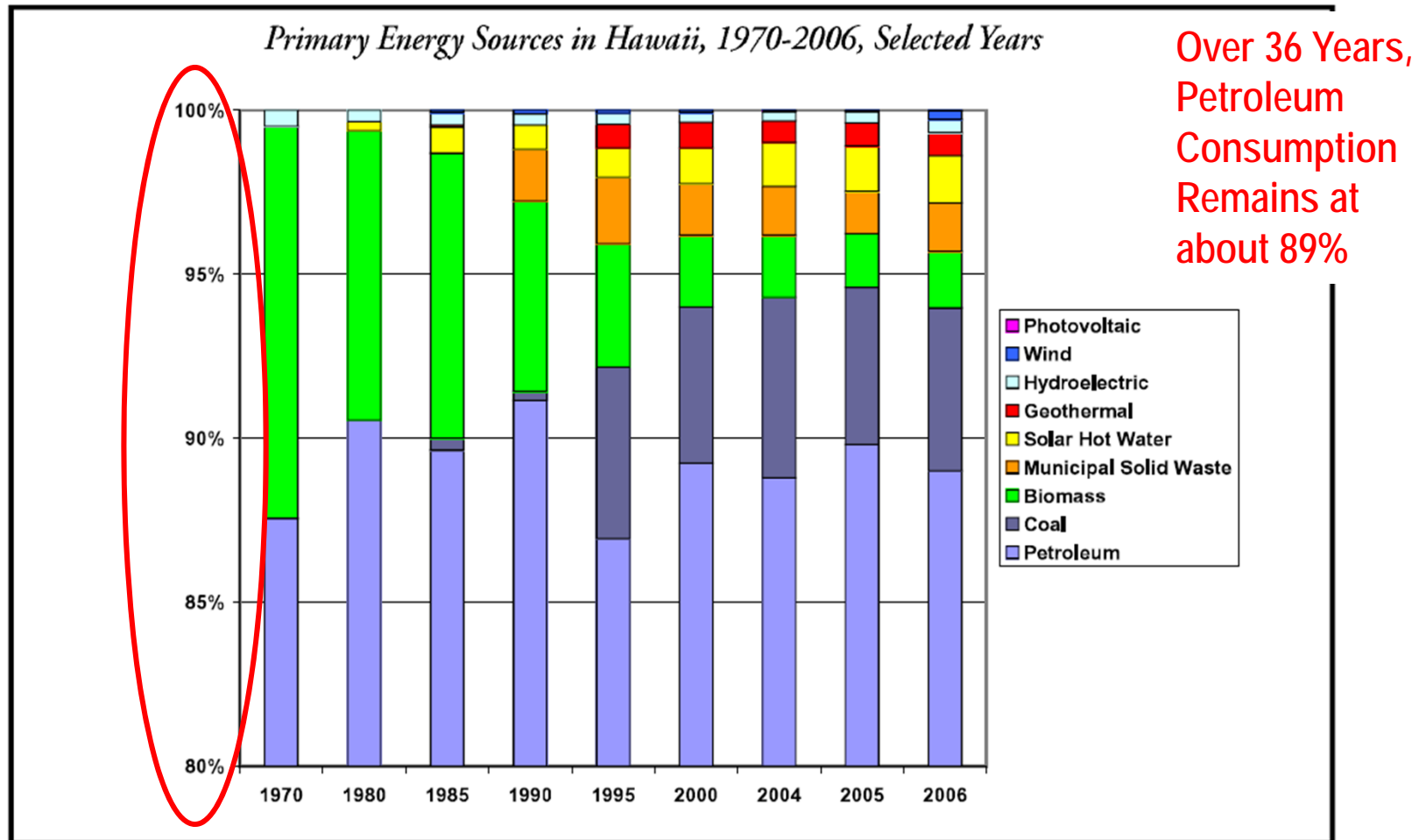
DOW EcoParks Can Create Positive Changes For Island Economies

- Turn the Economic Brain Drain into a Brain Gain
- Creates New High Quality Job Opportunities
- Diversifies the Economy
- Creates Export Opportunities
- Provides Outside Investment Opportunities
- New Resources become Available to Produce Food, Improve Health Care and Energy Security
- Improves the Quality of Tourism



As the Most Isolated Island Nation in
the World, Hawaii is Nearly Totally
Dependent on the Importation of
Fuel and Food

Hawaii's Historic Dependence on Fossil Fuels



\$8.6 Billion Dollars is Spent Each Year in Hawaii to Import Foreign Oil



We simply must balance our demand for energy with our rapidly shrinking resources. By acting now we can control our future instead of letting the future control us” – Jimmy Carter (1979)

Hawaii's Clean Energy Initiative

The Goal of the Hawaii Clean Energy Initiative is to meet 70% of our Energy Needs by 2030

40% Renewables

30% Conservation

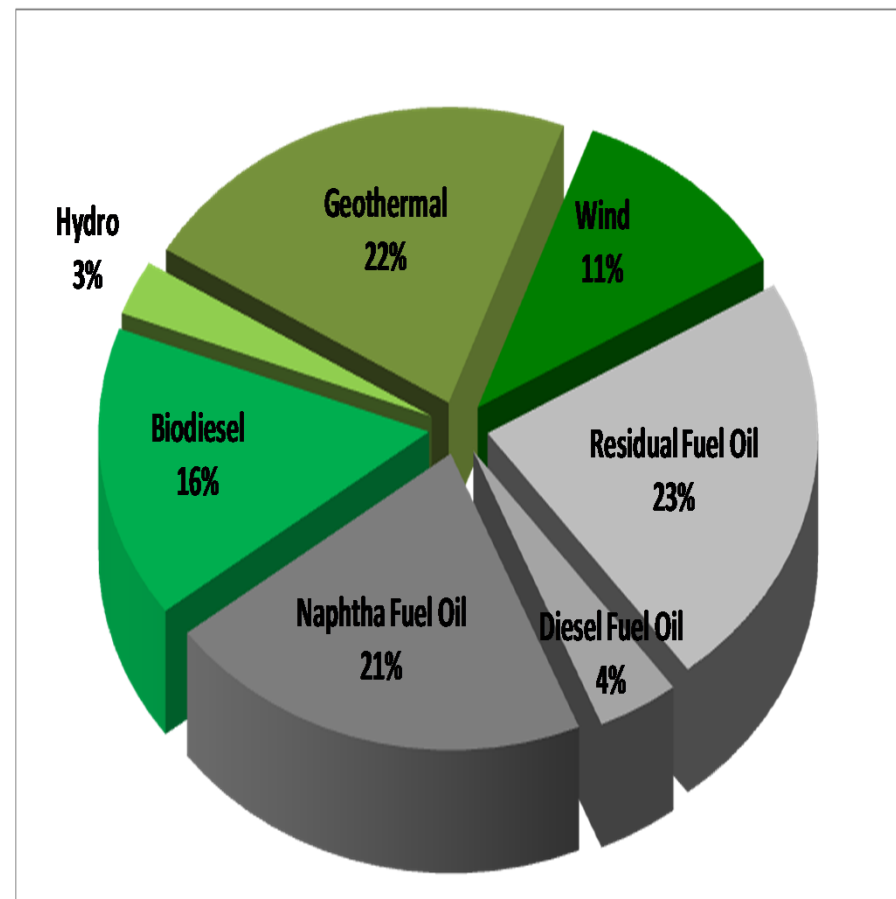
“Negawatt”

The Cheapest Watt of Energy is the One
Never Used

- Conservation Initiatives are the Low Hanging Fruit – Easiest to Accomplish
- Fastest-growing U.S. Energy Source (~2.5 - 3.5% / yr.)
- The U.S. Department of Energy estimates that Increasing Energy Efficiency throughout the economy could Cut National Energy use by 20% in 2020
- These Policies could Dramatically Lower U.S. Carbon Dioxide Emissions while Saving Consumers and Business \$500 billion net during by 2020

There is Strength and Security in Diversity

- Hawaii Island leads the State and Nation in Renewable Energy Use
- To Reach our Energy Goals, we Must Use a Diverse Mixture of Renewable Resources
- We cannot Rely on Just One Solution

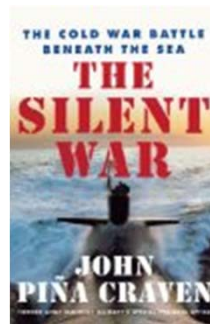


Innovation is the Enemy of the Status Quo and it is only the Next Generation that can see Opportunities of Tomorrow and Apply Them Today



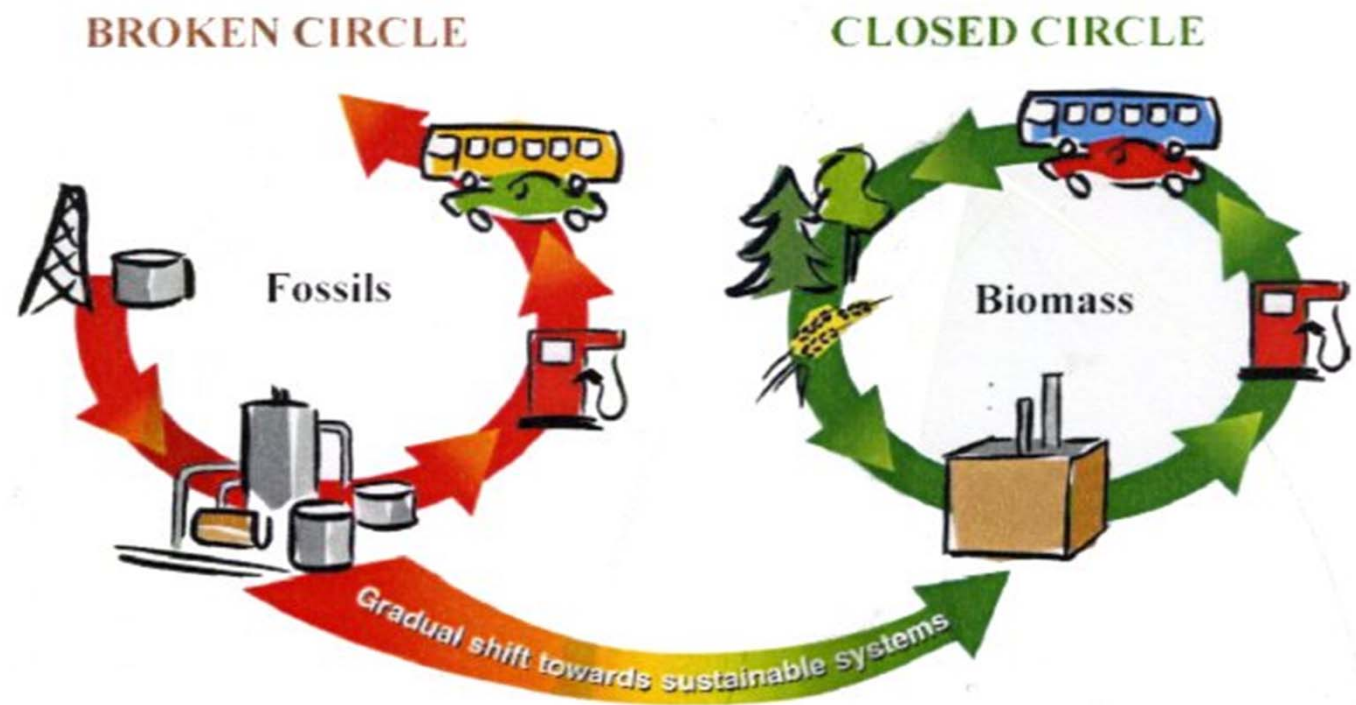
.....We are doing
a lot of things all
wrong

.....Sustainability
is the key



Dr. John P. Craven
Founding Father of NELHA

WE MUST CONTINUE TO BREAK THE CIRCLE OF FOSSIL FUEL ADDICTION AND CLOSE THE CYCLE OF SUSTAINABLE RENEWABLES



IN THE BALLGAME OF LIFE MOTHER NATURE ALWAYS BATS LAST



Nature Does Not Need People / People Need Nature

SUMMARY

NELHA and its Tenants Contribute:

- New Products for Today
- New Technologies for Tomorrow
- New Employment Opportunities
- Economic Diversification for Hawaii



Jan C. War

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