Kaua`i Island Utility Cooperative
Your Touchstone Energy® Cooperative

FILED

2008 APR 11 A 11: 36

PUBLIC UTILITIES COMMISSION

April 9, 2008

The Honorable Chairman and Members of the
Hawaii Public Utilities Commission
Kekuanaoa Building
465 South King Street, Room 103
Honolulu, Hawaii 96813

RE: Kauai Island Utility Cooperative
2007 Renewable Portfolio Standards Status Report

Dear Commissioners and Commission Staff:

Enclosed pleased find Kauai Island Utility Cooperative's (KIUC) Renewable Portfolio Standards (RPS) Status Report for the year ending December 31, 2007.

As shown in this report, renewable energy resources and energy savings supplied 11.42% of KIUC's net electricity sales during the 2007 calendar year. This exceeds KIUC's 2010 RPS goal established by Hawaii Revised Statutes §269-92(1), as amended.

As an informal filing, this report includes a breakdown of the renewable energy resources on Kauai comprising the 11.42% RPS for 2007 and the RPS reached in 2003, 2004, 2005, and 2006. Also included is a discussion of KIUC's commitment to continue to increase the growth of renewable energy and energy savings on Kauai.

Thank you for your consideration. If you should have any questions, please call me at (808) 246-8223

Very truly yours,

Steven Rymsha
Staff Engineer

Enclosure

Cc(w/encl.): Consumer Advocate
Mr. Nate Kawakami
Dave Proudfoot, Esq.

Kauai Island Utility Cooperative
Renewable Portfolio Standards (RPS) Status Report
Year Ending December 31, 2007

KIUC RPS Results for 2007

Kauai Island Utility Cooperative (KIUC) is pleased to have achieved a Renewable Portfolio Standard (RPS) percentage of 11.42% for calendar year 2007. This currently puts KIUC on track to meet or exceed RPS goal of meeting 10% of its net electricity sales with electrical energy generated and/or displaced by renewable resources, as required by HRS § 269-92(a)(1).

KIUC met the electrical energy needs of its customers with a combination of Company-owned fossil fueled generation, Company-owned renewable generation, and non-firm (100% renewable) power purchases[1]. In addition to this generated electricity, Solar Water Heating (SWH), Photovoltaic (PV) systems, and Demand Side Management (DSM) measures also supplied some our members' energy needs, while at the same time, displacing fossil-fuel generated power. Exhibit 1 illustrates how KIUC met the energy needs of its approximately 35,000 members.

KIUC's 2007 RPS Results

In 2007, KUIC achieved a RPS percentage of 11.42%, which is less than KIUC's 2006 RPS of 13.88%. This was due to the following:

1. KIUC experienced a decrease in hydro generation from its Upper and Lower Waiahi hydro plants. This was the result of a number of factors that include: (1) reduced rainfall resulting in reduced water supply, (2) ditch system repairs, and (3) shutdown of the lower Waiahi hydro to accommodate a movie production in the nearby area.

2. In 2007, KIUC's total power purchases from G&R, Kauai Coffee, and KAA was reduced compared to 2006 due to reduced rainfall.

3. KIUC experienced a slight increase in energy savings as result of its Demand Side Management, Solar Hot Water, and Net Energy Metering programs. The number of NEM installations increased significantly from 41 in 2006 to 76 in 2007.

[1] KIUC has four non-firm power purchase contracts to purchase excess electrical power from Gay & Robinson (bagasse), Kauai Coffee (hydro), Kekaha Agriculture Association (hydro) and Green Energy Team. Green Energy Team's 6.4 MW biomass project is currently under development and as such KIUC projects that it will not receive any energy from it until the plant is completed and commissioned in 2010.

KIUC Future RPS Activities

While KIUC exceeded the 2010 RPS goal of 10%, the Company is committed to increasing the growth of renewable energy and energy savings. To accomplish this, KIUC is undertaking the following:

1. In March of 2007 KIUC signed a 20-year purchase power agreement with Green Energy Team LLC to purchase power from the proposed 6.4 megawatt Biomass-To-Energy facility. Green Energy Team LLC has been granted a Use Permit from the County, and are presently completing final engineering. The project will begin commercial operation in 2010.

2. KIUC and a wind power developer are presently in negotiations to develop a 12.5MW wind farm. A system integration study is underway and the project will likely include a battery energy storage system. If a PPA can be timely negotiated, this project could conceivably achieve commercial operation sometime in 2010.

3. KIUC's is current negotiations with a power generation developer that has the potential to result in the development of a significant source of biomass-fueled energy.

4. KIUC is well into its third Integrated Resource Planning (IRP) process. The IRP will determine the optimal mix of supply-side and demand-side options to meet our electrical needs. KIUC will consider a variety of renewable and demand-side options in its IRP.

5. KIUC is currently collecting water flow data for its Upper Waiahi hydro plant. This data will be used to determine how much, if any, capacity could be added to the already-existing 1.2 MW. Additionally, capital improvements are planned for the Upper and Lower Waiahi hydro plants. These improvements will increase the units' efficiency and reliability, which will increase the annual energy produced.

   KIUC is also pursuing a long-term water lease from the Department of Land and Natural Resources. With the certainty of resources that this lease will provide, KIUC anticipates making additional capital improvements to the units and water delivery system, which would increase the annual energy produced.

6. KIUC is actively exchanging information and meeting with various developers of renewable energy projects. Technologies discussed include wave energy, run-of-river hydro, municipal solid waste, photovoltaic, concentrating solar, combined heat and power, and biomass. KIUC

anticipates these contacts will result in the development of renewable energy projects in the near term and beyond into the future.

Additionally, KIUC continues to explore potential opportunities to partner with other entities and develop renewable sources such as municipal solid waste and landfill gas.

7. In addition to large utility-scale renewable energy projects, KIUC also recognizes the importance of small-scale PV, SWH, and DSM systems in meeting future RPS goals. To this end, KIUC is also continuing its residential energy efficiency programs, commercial retrofit program, and its SWH programs.

Conclusion

KIUC is very pleased to have achieved a RPS percentage of 11.42%, which puts KIUC on track to meet or exceed the 10% RPS target for 2010. KIUC recognizes the benefits that renewable energy and energy savings provide to the visitors, residents, and commercial sectors of Kauai, as well as the impact it has on global environmental, societal, and economic issues. As such, KIUC will continue to evaluate, promote, and incorporate renewable energy and energy savings to meet the needs of its members, the Kauai community, and the State.

Exhibit 1

		2003 MWh	2004 MWh	2005 MWh	2006 MWh	2007 MWh
(A)	Net Fossil Generation	405,825	412,793	413,355	419,451	441,154
	Net Renewable Generation					
(B)	KIUC Hydro	558	1,684	4,232	4,561	926
(C)	Gay & Robinson	2,521	2,844	3,501	3,921	2,845
(D)	Kauai Coffee	20,331	29,199	26,292	25,613	20,612
(E)	KAA	2,080	2,070	3,466	3,024	2,079
(F)	Waste Oil	N.A.	257	409	323	433
(G)=(B)+(C)+(D)+(E)+(F)	Total Renewable Generation	**25,490**	**36,053**	**37,900**	**37,443**	**26,895**
	Conserved Energy (Displaced Sales)					
(H)	Solar Water Heating (SWH)	7,387	7,558	7,659	7,831	7,937
(I)	Net Energy Metering	66	90	130	202	524
(J)	Demand Side Management (DSM)	N.A.	19,037	20,855	21,349	21,361
(K)=(H)+(I)+(J)	Total Conserved Energy	**7,453**	**26,685**	**28,644**	**29,382**	**29,822**
	Total Sales					
(L)	Direct KIUC Sales	431,315	446,923	448,611	452,080	466,896
(M)	Displaced Sales due to SWH, PV, DSM	7,453	26,685	28,644	29,382	29,822
(N)=(L)+(M)	Total Sales	**438,768**	**473,608**	**477,255**	**481,461**	**496,718**
(O)=(G)+(K)	Renewable Generation + Conserved Energy	32,943	62,738	66,544	66,824	56,717
(P)=(O)/(N)	Percent of Total Sales supplied by Renewables and Conserved Energy	**7.51%**	**13.25%**	**13.94%**	**13.88%**	**11.42%**