



March 31, 2012

The Honorable Chairman and Members of the
Hawaii Public Utilities Commission
465 South King Street
Kekuanaoa Building, Room 103
Honolulu, HI 96813
Attention: Kaiulani Kidani Shinsato, Esq.

PUBLIC UTILITIES
COMMISSION

2012 APR -3 P 12:39

FILED

Re: Docket No. 2007-0008 – In the Matter of Public Utilities
Commission Instituting a Proceeding to Examine Hawaii's
Renewable Portfolio Standards Law, Hawaii Revised Statutes
("HRS") §§ 269-91 – 269-95, as Amended by Act 162, Session
Laws of Hawaii 2006: Kauai Island Utility Cooperative's ("KIUC's")
2011 Annual Renewable Portfolio Standards ("RPS") Status Report

Dear Commissioners and Commission Staff:

Please find enclosed KIUC's Annual RPS Status Report for the year ending
December 31, 2011 ("2011 RPS Report").

As shown in the attached 2011 RPS Report, renewable energy resources and
energy savings supplied 14.45% of KIUC's net electricity sales during the 2011 calendar
year. This exceeds the year 2010 RPS goal of 10.0% to be achieved by each electric
utility as established by HRS § 269-92(a)(1), as amended.

The attached 2011 RPS Report also includes a breakdown of the renewable
energy resources on Kauai comprising the 14.45% RPS for 2011 and the RPS reached
in 2005, 2006, 2007, 2008, 2009 and 2010. Also included in said report is a discussion
of KIUC's commitment to continue to increase the growth of renewable energy and
energy savings on Kauai.

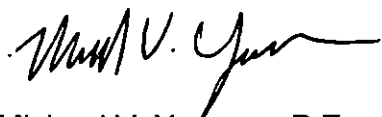
The Honorable Chairman and Members of the
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We thank you for your consideration of this matter. If you should have any questions concerning this report, please call me at (808) 246-8208.

Very truly yours,



Michael V. Yamane, P.E.
Chief of Operations

Enclosure

cc: Kent Morihara
Consumer Advocate (2)
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Mr. Henry Q. Curtis

Kauai Island Utility Cooperative Renewable Portfolio Standards (RPS) Status Report Year Ending December 31, 2011

KIUC RPS Results for 2011

Kauai Island Utility Cooperative (KIUC or Company) achieved a Renewable Portfolio Standard (RPS) percentage of 14.45% for calendar year 2011. This essentially exceeds the State of Hawaii's 2010 RPS requirement of meeting 10% of its net electricity sales with electrical energy generated and/or displaced by renewable resources¹. In addition to meeting the 2011 required RPS percentage of net electricity sales, KIUC has also met the requirement that at least 50% of its renewable portfolio standard be met by electrical energy generated using renewable energy as the source².

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 purchases³. In addition to this generated electricity, Solar Water Heating (SWH), Photovoltaic (PV) systems, and Demand Side Management (DSM) measures also supplied some of KIUC consumer's energy needs, while at the same time, displacing fossil-fuel generated power. The portion of the RPS met by electrical energy generated using renewable energy as the source was 40,387 megawatt-hours, which is greater than 50% of the total 2011 10% RPS requirement of 46,097 megawatt-hours (MWh).⁴ Exhibit A illustrates how KIUC met the energy needs of its approximately 35,000 members.

KIUC's 2011 RPS Results

In 2011, KIUC achieved a renewable portfolio percentage of 14.45%, which is 2.06% more than KIUC's 2010 renewable portfolio percentage of 12.39%. This is due to the following:

¹ Hawaii Revised Statutes (HRS) § 269-92(a)(1)

² HRS § 269-92(b)

³ KIUC has four non-firm power purchase contracts to purchase excess electrical power from Gay & Robinson (G&R) (hydro), Kauai Coffee (hydro), Kekaha Agriculture Association (KAA) (hydro) and Green Energy Team. G&R shutdown its sugar operation in 2009 and as such is not anticipated to generate any biomass-fueled energy in 2011. Green Energy Team's 6.7 megawatt (MW) biomass project is currently under development and as such KIUC will not receive any energy from it unless and until the plant is completed and commissioned. If built, KIUC anticipates that energy from that plant will not be available until 2014.

⁴ 46,097 MWh is 10% of KIUC's annual adjusted MWh sales of 460,971, which is 434,745 MWh of actual sales adjusted for displacement technologies contribution of 26,226MWh to the RPS.

1. Increased generation from hydro-electric purchase power agreements
2. Kapaa Solar LLC., began operation immediately following PUC approval of the purchase power agreement.
3. Continued expansion of customer sited photovoltaic systems.
4. Continued success integrating DSM technologies.

KIUC Future RPS Activities

While KIUC exceeded the 2011 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. On 8/3/10 KIUC signed a Purchase Power Agreement for 1MW of photovoltaic generated electricity from Kapaa Solar LLC., began operation immediately following PUC approval of the purchase power agreement.
2. On 10/7/10 KIUC signed a Purchase Power Agreement for 3MW's of photovoltaic generated electricity from Poipu Solar LLC. Project is planned to begin construction summer 2012
3. On 7/18/11 KIUC signed a Purchase Power Agreement for purchase of generated electricity from a 6MW McBryde Sugar Company LLC-owned photovoltaic facility. PUC approved the purchase power agreement on March 16, 2012, and KIUC anticipates the project to begin construction shortly.
4. A 1.5MW battery energy storage system that began operation in fall 2011. This battery will assist with the integration of Poipu Solar, assist with the continued member build out of photovoltaic's, and provide additional system support.
5. Two 1.5MW battery energy storage systems have been purchased to support the integration of McBryde Sugar's 6MW photovoltaic facility, support continued integration of customer generation, and provide additional system support.
6. On 10/4/11 the PUC approved KIUC's expenditures for the Smart Grid Project.
7. On 10/5/11 KIUC announced plans to develop a 12MW photovoltaic facility to be located in Anahola.

8. On 3/1/12 KIUC announced plans to develop a second photovoltaic project and is currently working with developers and landowners who proposed sites and projects for KIUC's Request for Offers.
9. On 1/12/11 KIUC announced a hydro development partnership with Free Flow Power to permit and investigate island wide hydro electric project that is successful could provide greater than 20% of the island annual electricity requirements. If projects are determined to be environmentally, culturally, and economically viable, it is our intention to apply for FERC licenses for the development of these resources. It is KIUC's intention at this time to finance and own hydro electric facilities, since it will facilitate the lowest possible generation cost to the people of Kauai.
10. On 1/25/11 KIUC announced the signing of a 6.7MW Biomass-To-Energy facility. This project is targeted to be operating in 2014 and under the island current demands for electricity would provide greater than 10% of the islands annual energy requirements. Green Energy Team LLC has partnered with Standardkessel Baumgart to bring the project to fruition. Increased efficiency of the new plant design has increased the contractual net output from the facility by 300kW. The project will obtain biomass from an existing tree farm, the creating of greater than 2000 acres of short rotation tree farm, and the island wide removal of invasive and non-invasive tree species.
11. KIUC continues its efforts in securing a long-term water lease from the Department of Land and Natural Resources for the Waiahi hydro-electric facilities.
12. 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 achieved a RPS percentage of 14.45% in 2011, which currently surpasses the 10% by 2010 RPS requirement by 4.45%. 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 A

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
	MWh	MWh	MWh	MWh	MWh	MWh	MWh
1. Net Fossil Generation	413,355	419,451	441,154	417,986	399,325	400,307	392,689
2. Net Renewable Generation							
KIUC Hydro	4,232	4,561	926	7,968	7,454	7,874	6,974
Gay & Robinson	3,501	3,921	2,845	2,385	3,548	3,415	4,871
Kauai Coffee	26,292	25,613	20,612	22,149	21,597	18,113	21,208
KAA	3,466	3,024	2,079	3,106	4,111	4,330	5,457
Green Energy Hydro					5	187	407
Kapaa Solar							1,468
Total Renewable Generation	<u>37,491</u>	<u>37,120</u>	<u>26,462</u>	<u>35,607</u>	<u>36,714</u>	<u>33,920</u>	<u>40,387</u>
3. Conserved Energy (Displaced Sales)							
Customer Renewable Generation	130	202	524	3,924	5,023	5,830	7,962
Demand Side Management (DSM)	20,855	21,349	21,361	19,233	19,217	16,911	18,264
Total Conserved Energy	<u>20,985</u>	<u>21,551</u>	<u>21,885</u>	<u>23,157</u>	<u>24,240</u>	<u>22,741</u>	<u>26,226</u>
4 Total Sales							
Direct KIUC Sales	448,611	452,080	466,896	453,791	436,273	434,533	434,745
Displaced Sales due to SWH, PV, DSM	20,985	21,551	21,885	23,157	24,240	22,741	26,226
Total Sales	<u>469,596</u>	<u>473,631</u>	<u>488,781</u>	<u>476,948</u>	<u>460,513</u>	<u>457,274</u>	<u>460,971</u>
5. Renewable Generation + Conserved Energy	58,476	58,671	48,347	58,764	60,954	56,661	66,613
Percent of Total Sales supplied by Renewables and Conserved Energy	12.45%	12.39%	9.89%	12.32%	13.24%	12.39%	14.45%
Percent of Total Sales supplied by Renewables	7.98%	7.84%	5.41%	7.47%	7.97%	7.42%	8.76%
Percent of Total Sales supplied by Conserved Energy	4.47%	4.55%	4.48%	4.86%	5.26%	4.97%	5.69%