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PUBLIC UTILITIES COMMISSION APPROVES FEED-IN TARIFFS FOR THE HAWAIIAN ELECTRIC COMPANIES TO FACILITATE THE ACQUISITION AND DEVELOPMENT OF RENEWABLE ENERGY

HONOLULU – The Hawaii Public Utilities Commission (Commission) today issued an order approving feed-in tariffs (FIT) for the Hawaiian Electric Companies (Hawaiian Electric Company, Hawaii Electric Light Company, and Maui Electric Company) for renewable energy generators of up to 500 kW in size, to facilitate the acquisition and development of renewable energy in Hawaii. The approved tariffs include applicable pricing, terms and conditions, a standard form of contract, and queuing and interconnection procedures for the FIT program.

The Commission previously issued general principles for the FIT program, and encouraged the parties to the Commission’s FIT docket (Docket No. 2008-0273) to first focus on developing tariffs for renewable energy generating units of up to 500 kW, to facilitate the immediate implementation of a FIT for generators of this size. This step has been completed as of today. The Commission and parties to the docket will next focus on developing a FIT for larger generating units of up to 5,000 kW (i.e., 5 MW).

The FIT program is a new tool being utilized by the Commission to facilitate the acquisition of electric energy from new renewable resources, in support of the State’s objective of reducing dependence on imported oil and consistent with State policies expressed in the Renewable Portfolio Standards and the Hawaii Clean Energy Initiative. Traditionally, renewable energy project developers have had to enter into complex and time-consuming negotiations with the Hawaiian Electric Companies to sell electricity to
the utilities. FITs provide standardized pricing, terms and conditions, and procedures that are intended to afford the renewable energy project developers with clear, consistent guidelines that accelerate the completion of the renewable energy projects and provide some assurance of adequate compensation to cover the developer’s reasonably incurred costs.

“We are pleased to launch the FIT program for the Hawaiian Electric Companies,” said Commission Chairman Carlito P. Caliboso. “The predictability and certainty that FITs provide to renewable energy developers should incent future renewable projects and ultimately advance the State’s efforts to wean itself off of imported fossil fuel.”

The Commission issued the order today after developing an extensive record in its FIT proceeding involving many stakeholder-parties. In the order, the Commission noted that the parties were unable to reach consensus on all issues and acknowledged that there may be a multitude of alternative ways of implementing FIT and virtually unlimited adjustments that could theoretically be made to the program. In the Commission’s view, however, none of the issues that were raised with respect to the Hawaiian Electric Companies’ proposed FITs appeared to be fatal flaws that warranted any further delay in the development and implementation of the FIT program. The Commission stated that the better course is to proceed, learn from experience, and make necessary changes and improvements upon the Commission’s next opportunity to review the FIT program in two years.

The Commission’s order and entire docket record may be accessed through the Commission’s electronic Document Management System at the following website address: http://dms.puc.hawaii.gov/dms/

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