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NEWS RELEASE

For Immediate Release:

PUBLIC UTILITIES COMMISSION PROVIDES GUIDANCE TO HAWAIIAN ELECTRIC ON RENEWABLE ENERGY PROCUREMENT

HONOLULU –

The Hawaii Public Utilities Commission (“PUC”) issued yesterday a set of orders: (1) addressing the Final Oahu 200 megawatts (“MW”) Renewable Energy Request For Proposal (“RFP”) by Hawaiian Electric Company, Inc. (“HECO”) and giving specific guidance on changes to the RFP; (2) opening an investigation to determine whether an Oahu-Maui Interisland Transmission System is in the public interest; (3) opening a proceeding to review the progress of a potential Lanai wind project; (4) closing the docket soliciting 50 MW of firm renewable, dispatchable generation for Maui; and (5) closing the docket soliciting 300 MW of firm renewable dispatchable generation for Oahu. The collective effect of these orders is to facilitate the development of a diverse, cost-competitive portfolio of renewable energy projects and utility grid infrastructure improvements that will serve long-term interests of ratepayers.

Chair Hermina Morita stated: “The orders reflect the need for foundational information for a strategic systems approach as we consider new renewable energy generation projects and other major infrastructure investment to bring maximum value to Hawaii’s ratepayers for the long term.”

Commissioner Lorraine Akiba commented: “The PUC continues to encourage the utility to coordinate and integrate resource planning and infrastructure investments to achieve the best practices for the smart grid of the future and the integration of more renewable energy generation.”

After extensive review and deliberation, the PUC ordered HECO to modify the Final Oahu 200 MW Renewable Energy RFP by eliminating references to the undersea cable and Castle & Cooke’s Lanai wind project and gave additional guidance for the renewable energy RFP. Conditions have significantly changed since the big wind projects and undersea cable were first proposed in 2008. As currently written, the RFP draft has become overly complex, and involves greater elements of uncertainty.

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By giving each development segment – potential renewable generation projects, a potential Maui-Oahu interisland transmission system, and a potential Lanai wind project – a separate path for independent progress, the PUC seeks to reduce the number of variables and complexity. Doing so enables more robust solicitation of renewable energy proposals and facilitates well-reasoned decisions that result in long-term beneficial impacts for the ratepayer.

The PUC initiated a separate proceeding to review the progress of the Lanai wind project, noting that given the sale of its Lanai assets, some uncertainty arises as to whether Castle & Cooke retains an equivalent ability to develop its Lanai wind project. The PUC stated that the previously granted waiver should not be read to mean that a power purchase agreement, if and when submitted to the commission for decision making, will automatically be approved. Whether Castle & Cooke's Lanai wind project is in the public interest, and therefore should be developed, will be determined as part of the comprehensive evaluation of potential as-available renewable energy projects and grid infrastructure development options.

In opening an investigation docket for the Interisland Transmission System the PUC will determine: (1) whether an undersea cable system to interconnect the Oahu and Maui grids may be in the public interest, and (2) if so, under what conditions such a grid-tie cable system should be developed. The order summarizes key issues that must be addressed for the PUC to make its determination and a process for the solicitation of this information.

Commissioner Mike Champley stated: “Additional technical information and analysis is required to evaluate the Oahu-Maui grid interconnection. Our intention is to obtain input from knowledgeable stakeholders on the selection process, policy issues, and overall objectives with respect to how, where, and at what cost a cable system may be developed.”

In follow-up actions, the PUC closed the dockets soliciting 50 MW of firm renewable dispatchable generation for Maui and 300 MW of firm renewable dispatchable generation for Oahu due to lack of activity for more than two years.

Chair Morita said, “The issuance of this set of orders emphasizes the need for solid and credible information as Hawaii moves forward to transform and modernize its electric system to ultimately benefit its ratepayers in the most cost-effective and strategic way.”

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Find the orders discussed here on the PUC's webpage under the “News” tab at:
<http://puc.hawaii.gov/news/>