June 09, 2015

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


Dear Commissioners and Commission Staff:

Please find enclosed KIUC’s Annual RPS Status Report for the year ending December 31, 2014 (“2014 RPS Report”).

As shown in the attached 2014 RPS Report, renewable energy resources and energy savings supplied 22.46% of KIUC’s net electricity sales during the 2014 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.

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 (3)
    Mr. Joseph Viola
    Mr. Dean Matsuura
    Mr. Jay Ignacio
    Ms. Sharon Suzuki
    Thomas W. Williams, Jr., Esq.
    Craig I. Nakanishi, Esq.
    Mr. David Bissell
    Mr. Timothy Blume
    Mr. Warren S. Bollmeier, II
    Mr. Henry Q. Curtis
Kauai Island Utility Cooperative
Renewable Portfolio Standards (RPS) Status Report
Year Ending December 31, 2014

KIUC RPS Results for 2014

Kauai Island Utility Cooperative (KIUC or Company) achieved a Renewable Portfolio Standard (RPS) percentage of 22.46% for calendar year 2014. This exceeds the State of Hawaii’s 2010 RPS requirement of meeting 10% of KIUC’s net electricity sales with electrical energy generated and/or displaced by renewable resources.¹ In addition to meeting the 2010 required RPS percentage of net electricity sales, KIUC has also met the requirement that at least 50% of its RPS be met by electrical energy generated using renewable energy as the source (13.58% of the 22.46% total).²

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.³ In addition to this generated electricity, Photovoltaic (PV) systems and Demand Side Management (DSM) measures, including Solar Water Heating (SWH), also supplied some of KIUC consumers’ 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 58,392 megawatt-hours, which is greater than 50% of the total 2014 10% RPS requirement of 42,992 megawatt-hours (MWh).⁴ Exhibit A, attached hereto, illustrates how KIUC met the energy needs of its approximately 36,000 accounts.

KIUC’s 2014 RPS percentage of 22.46% is 3.5% more than KIUC’s 2013 RPS percentage of 18.96%. This is due to the following:

1. Production from the 12 MWac KRS2 Koloa Solar project which began operation in July 2014.
2. Significant addition of customer-sited solar systems.

¹ Hawaii Revised Statutes (HRS) § 269-92(a)(1).
² HRS § 269-92(b).
³ KIUC has ten non-firm power purchase contracts to purchase electrical power from Gay & Robinson (G&R) (hydro), Kauai Coffee (hydro), Kekaha Agriculture Association (KAA) (hydro), Green Energy Team (hydro), Green Energy Team (biomass), Pioneer (solar), Kapaa Solar (solar), McBryde Resources (solar), MP2 Kaneshiro (solar), and KRS2 Koloa Solar (solar). G&R shutdown its sugar operation in 2009 and as such has not generated any biomass-fueled energy since then.
⁴ 42,992 MWh is 10% of KIUC’s annual sales of 429,924 MWh.
KIUC Future RPS Activities

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

1. On January 25, 2011, KIUC signed a PPA for the purchase of electricity generated from the 6.7 MW Green Energy Biomass-To-Energy facility. The Commission approved the PPA on October 31, 2011. The project began construction in early 2013 and first produced energy in April 2015. It is expected to begin commercial operation in June 2015. This facility will provide approximately 10-13% of KIUC's current annual energy requirements.

2. On November 29, 2012, the Commission approved KIUC's application to develop a 12 MW PV facility to be located in Anahola. KIUC began construction of this facility in June 2014, and expects to begin producing energy from this facility in July 2015. This facility will provide approximately 5-6% of KIUC's current annual energy requirements.

3. KIUC continues to investigate pumped storage and/or hydroelectric projects that, if successful, could provide greater than 20% of the island's annual electricity requirements. At this time, it is KIUC's intention to finance and own hydroelectric facilities, as such structure will facilitate the lowest possible generation cost to the people of Kauai.

4. 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.

5. 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's 2014 RPS percentage of 22.46% surpasses the 10% by 2010 RPS requirement by 12.46%. With current renewable energy sources and the future activities identified above, KIUC is on target to exceed the 2015 RPS requirement of 15%, even after the January 1, 2015 change that removed Electrical Energy Savings from counting toward the RPS. KIUC recognizes the benefits that renewable energy and energy savings provide to the visitors, residents, and commercial sectors of Kauai, as well as the positive impacts 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

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<tbody>
<tr>
<td><strong>KIUC RPS Status Report</strong></td>
<td>374,159</td>
<td>371,120</td>
<td>25,452</td>
<td>35,607</td>
<td>36,930</td>
<td>34,205</td>
<td>40,407</td>
<td>40,793</td>
<td>47,674</td>
<td>58,392</td>
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<td><strong>Total</strong></td>
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<tr>
<td><strong>KIUC Hydro</strong></td>
<td>4,392</td>
<td>4,561</td>
<td>926</td>
<td>7,968</td>
<td>7,454</td>
<td>7,396</td>
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<td>8,063</td>
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<td><strong>Gay &amp; Robinson Hydro</strong></td>
<td>3,538</td>
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<td>3,154</td>
<td>4,922</td>
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<td><strong>Green Energy Hydro</strong></td>
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<td><strong>Pioneer Solar</strong></td>
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<td><strong>Kapaa Solar</strong></td>
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<td><strong>MP2 Kaneshiro Solar</strong></td>
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<td><strong>McBryde Solar</strong></td>
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<tr>
<td><strong>KRS2 Koloa Solar</strong></td>
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<tr>
<td><strong>Total</strong></td>
<td>37,491</td>
<td>37,120</td>
<td>25,452</td>
<td>35,607</td>
<td>36,930</td>
<td>34,205</td>
<td>40,407</td>
<td>40,793</td>
<td>47,674</td>
<td>58,392</td>
</tr>
<tr>
<td><strong>From Renewable Displacement or Off-Set Technologies</strong></td>
<td>48,091</td>
<td>21,629</td>
<td>35,607</td>
<td>56,552</td>
<td>59,463</td>
<td>56,155</td>
<td>63,847</td>
<td>72,086</td>
<td>81,825</td>
<td>96,571</td>
</tr>
<tr>
<td><strong>Customer Renewable Generation (own use)</strong></td>
<td>121</td>
<td>153</td>
<td>268</td>
<td>1,712</td>
<td>3,316</td>
<td>4,499</td>
<td>5,176</td>
<td>6,825</td>
<td>11,710</td>
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<td><strong>From Use of Energy Efficiency Technologies</strong></td>
<td>20,855</td>
<td>21,349</td>
<td>21,361</td>
<td>19,233</td>
<td>19,217</td>
<td>16,611</td>
<td>18,264</td>
<td>24,366</td>
<td>22,241</td>
<td>21,370</td>
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<tr>
<td><strong>Demand Side Management (DSM)</strong></td>
<td>20,796</td>
<td>21,502</td>
<td>21,529</td>
<td>20,945</td>
<td>23,533</td>
<td>21,410</td>
<td>23,440</td>
<td>31,293</td>
<td>34,151</td>
<td>38,180</td>
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<tr>
<td><strong>Total</strong></td>
<td>58,467</td>
<td>58,622</td>
<td>48,091</td>
<td>56,552</td>
<td>59,463</td>
<td>56,155</td>
<td>63,847</td>
<td>72,086</td>
<td>81,825</td>
<td>96,571</td>
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<tr>
<td><strong>5. Total Renewable Electrical Energy (Item 2 Total + Item 3 Total)</strong></td>
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<td><strong>Total / RPS Percentage</strong> (Item 5 / Item 4)</td>
<td>12.03%</td>
<td>12.97%</td>
<td>10.30%</td>
<td>12.46%</td>
<td>13.63%</td>
<td>12.80%</td>
<td>14.69%</td>
<td>16.64%</td>
<td>18.96%</td>
<td>22.48%</td>
</tr>
</tbody>
</table>

Percent of Net Electricity Sales supplied by Item 2 Above

<table>
<thead>
<tr>
<th>Percent of Net Electricity Sales supplied by Item 2 Above</th>
<th>8.36%</th>
<th>8.21%</th>
<th>5.67%</th>
<th>7.85%</th>
<th>8.46%</th>
<th>7.87%</th>
<th>8.02%</th>
<th>9.42%</th>
<th>11.05%</th>
<th>13.58%</th>
</tr>
</thead>
</table>

Percent of Net Electricity Sales supplied by Item 3 Above

<table>
<thead>
<tr>
<th>Percent of Net Electricity Sales supplied by Item 3 Above</th>
<th>4.68%</th>
<th>4.76%</th>
<th>4.63%</th>
<th>4.62%</th>
<th>5.16%</th>
<th>4.93%</th>
<th>5.39%</th>
<th>7.22%</th>
<th>7.91%</th>
<th>8.88%</th>
</tr>
</thead>
</table>

1. Renewable electrical energy generated via power purchase agreements with independent power producers is based on recorded data of the energy generated from the power producer facility, which is typically the net electricity sold to the utility. Pursuant to the definition of "renewable electrical energy" under HRS Section 269-91, this will not include customer-sited, grid-connected renewable energy generation (i.e., net energy metering). Schedule Q or Schedule O until January 1, 2015.

2. Pursuant to HRS Section 269-92(b)(2), beginning January 1, 2015, electrical energy savings shall not count toward the RPS.

3. Pursuant to HRS Section 269-91, under the definition of "renewable electrical energy," these types of technologies include solar water heating, sea-water air-conditioning district cooling systems, solar air-conditioning, and customer-sited, grid-connected renewable energy systems. Beginning January 1, 2015, this shall not include electrical energy savings brought about by customer-sited, grid-connected renewable energy systems.

4. Pursuant to HRS Section 269-91, under the definition of "renewable electrical energy," energy efficiency technologies include heat pump water heating, ice storage, rooftop funded energy efficiency programs, and use of rejected rejected co-generation and combined heat and power systems, excluding fossil-fueled qualifying facilities that sell electricity to electric utility companies and central station power projects.

5. Pursuant to Section III.A.4 of the RPS Framework, "Electrical energy savings brought about by the use of renewable displacement or off-set technologies shall be determined using actual recorded energy produced by the displacement or off-set technologies, if that information is available to the utility, and the corresponding estimated electrical savings. Where the recorded energy produced by the displacement or off-set technologies is not available to the utility, as in the case of customer-sited renewable energy systems, the utility may make reasonable estimates of the energy produced by such systems, and provide an explanation of the calculation of the estimates. The electrical energy savings shall be expressed at a comparable level to the electrical energy generated using renewable energy sources (i.e., at the net generation level)."
June 15, 2015

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


Dear Commissioners and Commission Staff:

Please replace the original first page of the Renewable Portfolio Standards (RPS) Status Report (page 1 of 3), which was filed with the Hawaii Public Utilities Commission "Commission" on June 9, 2015, with the enclosed original and 8 copies. Changes are located under footnote 3.

If you have any questions, please call me at (808) 246-8208.

Very truly yours,

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

Enclosure
The Honorable Chairman and Members of the
Hawaii Public Utilities Commission
Page 2

cc: Kent Moriihara
    Consumer Advocate (3)
    Mr. Joseph Viola
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2. Significant addition of customer-sited solar systems.

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

\(^2\) HRS § 269-92(b).

\(^3\) KIUC has ten-nine non-firm power purchase contracts to purchase electrical power from Gay & Robinson (G&R) (hydro), Kauai Coffee (hydro), Kekaha Agriculture Association (KAA) (hydro), Green Energy Team (hydro), Green Energy Team (biomass), Pioneer (solar), Kapaa Solar (solar), McBryde Resources (solar), MP2 Kaneshiro (solar), and KRS2 Koloa Solar (solar). KIUC also has one firm purchase power contract, Green Energy Team (biomass). G&R shutdown its sugar operation in 2009 and as such has not generated any biomass-fueled energy since then.

\(^4\) 42,992 MWh is 10% of KIUC’s annual sales of 429,924 MWh.