

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR



STATE OF HAWAII
PUBLIC UTILITIES COMMISSION
465 S. KING STREET, #103
HONOLULU, HAWAII 96813

JON S. ITOMURA
CHAIR

NAOMI U. KUWAYE
COMMISSIONER

COLIN A. YOST
COMMISSIONER

Telephone: (808) 586-2020
Facsimile: (808) 586-2066

Website: puc.hawaii.gov
E-mail: puc@hawaii.gov

Summary of Decision and Order No. 42411, Docket No. 2025-0211, Hawaiian Electric's Waiau Repowering Project

The Hawaiian Electric (HECO) Waiau power plant provides a critical source of firm power for O'ahu, but its aging units require significant capital expenditures to remain operational and are due for retirement as the state progresses toward a 100% renewable energy future.

In Decision and Order No. 42411, Docket No. 2025-0211, the Public Utilities Commission approved HECO's Waiau Repowering project and imposed strict oversight conditions to protect ratepayers.

The project replaces six old oil-fired generators with six new flexible-fuel units that run on biofuel and ultra-low sulfur diesel. The project is expected to help maintain firm, reliable power and improve system reliability during the renewable energy transition.

To recover the cost for the project, the bill of a typical residential customer on O'ahu is estimated to increase by about \$3.62 per month.

The commission set conditions for approval that must be met by HECO for the project to advance. They are intended to protect customers by controlling costs, advancing the state renewable energy goals and ensuring continued oversight.

The conditions of approval include:

- **Controlling Costs**

The commission imposed strict cost controls to limit financial impacts on customers. These include:

- Denying HECO's updated request to recover up to \$1.155 billion as the 36% project cost increase fundamentally changed the project's cost-benefit analysis and undermines the integrity and fairness of the competitive bidding process
- Limiting cost recovery to \$847 million, the utility's original bid, plus a limited inflation adjustment equal to the lesser of 10% or the Gross Domestic Purchases Price Index from the date of the utility's Best and Final Offer.
- Restricting recovery to the lesser of actual project costs or the capped amount and ensuring HECO can only earn the commission-approved rate of return on the portion of construction costs that go into rate base.
- Requiring cost savings from retiring the old units to be used to reduce the operation and maintenance costs of the new units.

- **Advancing State Renewable Energy Goals**

The commission required HECO to meet specific renewable-fuel milestones to ensure the project supports the transition to a 100% renewable energy future. These requirements include:

- Operating the units with at least:
 - 51% renewable fuel by 2032 or when the first four units begin service, whichever occurs first
 - 75% renewable fuel by 2040
 - 100% renewable fuel by 2045
- Annual reporting on the actual fuel mix and notice of any non-compliance within 30 days

- **Ongoing Oversight**

The commission instituted ongoing oversight actions to ensure accountability and transparency throughout the project. The commission also expects HECO to continue community outreach efforts throughout the life of the project. The commission's oversight actions require HECO to:

- Provide an updated fuel use plan within 90 days and annual fuel utilization reports thereafter
- Report quarterly regularly on project progress including costs, contract status and cost savings from retired units
- Developing a comprehensive End-of-Life Management Plan due within five years
- Obtain commission approval before making any retrofit or changes to the fuel system to ensure any modifications do not increase costs or shift risks to customers.