

## State of Hawai`i Signs Clean Energy Compact

On October 20, 2008, Governor Lingle announced an energy agreement among the State of Hawai`i, Division of Consumer Advocacy, and Hawaiian Electric Light Companies. The compact outlines key agreements among the parties to move Hawai`i toward greater energy independence. These agreements are intended to reduce the state's dependence on imported fossil fuels for electricity and transportation by developing an additional 1,000 MW of "renewable" energy resources on O`ahu, 60 MW on the Island of Hawai`i, and 50 MW on Maui. The net effect of bringing these new renewable resources online will be to generate 70% of Hawai`i's energy from "clean" energy sources by the year 2030. This is an ambitious goal, considering that only 10% of current energy production in the state is derived from renewable sources.

There is some disagreement among Hawai`i energy stakeholders about whether all Hawaiian Electric Companies' new generating capacity can be categorized as truly renewable and whether the process by which new developments will be placed into operation is in the best interests of all ratepayers and citizens. Note that plans for Hawai`i Island include 40 megawatts of biomass for electricity generation. Hawai`i residents are urged to examine the new energy compact carefully and make their wishes known to the **Hawai`i Consumer Advocate** by [emailing](#) or calling (808) 586-2800. They may also contact their State and local government representatives.

The agreement details several specific steps or "commitments" that will be taken to limit the state's dependence on fossil fuels and encourage the integration of renewable energy into the electric grid and the transportation sector. Key commitments include:

- The utility's Renewable Portfolio Standard (RPS) goals will be increased to 25% (from 20%) by 2020, and to 40% by 2030.
- Hawaiian Electric utilities should no longer be compensated under a model, which encourages increased electricity usage. Subject to the approval of the Public Utilities Commission (PUC) in 2009, revenues of the utility will be full decoupled from sales. Thereafter, rates will be based upon a system that uses independent measures to track the cost of providing electric service, with careful monitoring to assure ratepayer funds are properly spent.
- The utility has agreed to implement published purchased power rates, which the utility will pay for each type of renewable energy resource, based on the amount of energy, fed to the grid. This will standardize the amount of payment to be received and the amount of energy the utility will purchase from renewable energy developers.
- Hawaiian Electric Industries will retire existing less efficient fossil-fired units by removing such units from normal daily operating service as expeditiously as possible without compromising service reliability.

- All parties have agreed that there should be no system-wide caps on net energy metering. Instead, all distributed generation (DG) interconnections should be limited on a per-circuit basis to no more than 15% of peak circuit demand.
- All parties have agreed to encourage adoption of 'gas-optional' electric vehicles (hybrids, plug-in hybrids and pure electric vehicles) through a variety of incentives. All parties further agree to lead by example and help develop a market for such vehicles by becoming early adopters of electric vehicles for their fleets.

Hawai'i Electric Light Company (HELCO) is considering the following specific near-term projects on Hawai'i Island, which account for roughly 45 megawatts (MW) of new generation:

- Up to 40 MW of firm generation resources, including current possibilities:
  - Puna Geothermal Ventures additional (8 MW)
  - Hamakua Biomass (25MW) or Hu Honua Biomass (22 MW)
  - Hawai'i County waste-to-energy (4MW)
- Up to 5 MW of variable/intermittent generation resources, including possibilities:
  - Sopogy concentrating solar power (0.5 MW), Kailua-Kona
  - Na Makani Wind (4.5 MW) with pumped hydro

The [agreement](#) states that after additional geothermal and biomass projects are completed, HELCO plans to convert the Puna Steam plant to biomass as well, accounting for another 15 MW. Thus, roughly two-thirds of what the compact refers to as "renewable" generation for Hawai'i Island will come from biomass plants.

Learn more and read the full [44-page agreement](#).