



EXECUTIVE CHAMBERS

HONOLULU

NEWS RELEASE

LINDA LINGLE
GOVERNOR

For Immediate Release: October 20, 2008

STATE AND HAWAIIAN ELECTRIC STRIKE SWEEPING AGREEMENT FOR HAWAI'I'S ENERGY FUTURE

Hawai'i will lead the nation in renewable energy use

HONOLULU – Governor Linda Lingle today announced a comprehensive agreement to decisively move the state away from its dependence on fossil fuels for electricity and ground transportation.

The historic accord – agreed to between the Lingle-Aiona Administration, including the Department of Business, Economic Development and Tourism and the State Consumer Advocate, and the Hawaiian Electric companies – is an achievement stemming from months of discussions and work on the Hawai'i Clean Energy Initiative. This effort, which began in January between the state and U.S. Department of Energy, seeks to move Hawai'i toward having 70 percent of its energy use come from clean energy sources by 2030.

The agreement will reduce by many years the process of moving the state forward to a clean-energy-driven economy by accelerating regulatory changes.

“This is a detailed plan to implement the Hawai'i Clean Energy Initiative with sweeping changes that are needed to reduce our dependence on imported fossil fuel and to achieve a more secure energy and economic future,” said Governor Lingle. “I feel strongly that the state and our major utility can and must continue finding common ground in moving forward and taking decisive and bold steps toward an energy-independent Hawai'i.”

Major highlights of the agreement include:

- A commitment to integrate as much as 1100 megawatts (MW) of already identified additional renewable energy on the Hawaiian Electric companies' grids (700 MW to be implemented within five years).
- The construction of an undersea cable connecting Maui, Moloka'i and Lāna'i into one electrical grid to allow the integration of an additional 400 MW of renewable wind power generated in Maui County for transmission to O'ahu.
- A requirement that 40 percent of electric power come from renewable resources by 2030, doubling the current Renewable Portfolio Standard requirement law.
- A "feed-in" tariff system designed to dramatically accelerate the addition of renewable energy from new sources by providing published purchased power prices for renewable power providers, which would encourage increased development of alternative energy projects.
- Seeking prompt approvals from the Hawai'i Public Utilities Commission for the immediate deployment of advanced meters and for implementation of time-of-use rates that reward customers with lower electric rates for using power during off-peak times. This change will support the development of a "smart grid" to allow customers far greater control of their energy use and their electricity bills.
- Changing the way Hawaiian Electric is compensated by moving away from a business model that places reliance on increased electric sales.
- Commitment from the Hawaiian Electric companies to retire older fossil fuel powered energy generation plants as Hawai'i moves to a renewable energy future.
- Conversion of existing fossil fuel generators to renewable biofuels, ultimately using crops grown locally and in a sustainable manner.
- A prohibition on the construction of any new coal plants in Hawai'i.

- Expanding the Pay-As-You-Save program under which customers can install solar water heating systems without having to pay money up front, but can acquire energy-saving improvements through shared savings on their electric bills.
- Eliminating existing system-wide caps on net energy metering to allow customers on each island to produce their own renewable energy and obtain credit on their electric bills for any excess exported to the grid.
- Submitting a proposal to the PUC for establishment of “lifeline” rates, which provide a cap for certain low income customers.
- Committing the state and Hawaiian Electric Companies to a program that will identify and implement incentives needed to encourage adoption of electric vehicles for individual and fleet use, and also lead by example by acquiring hybrid or electric-only vehicles for government and utility fleets.

“With this agreement, Hawai'i moves to the forefront in energy leadership in the nation,” said Kevin Kolevar, assistant secretary of the U.S. Department of Energy, whose office helped negotiate the agreement. “Hawai'i's vision will prove to be a boon to the local economy and will lead to more stability and long-term reductions in the cost of energy in Hawai'i. It will provide future generations with significant independence from imported fuel.

“I applaud Governor Lingle for her commitment to pursuing the Hawai'i Clean Energy Initiative. She has made it a personal priority, kept everyone's feet to the fire and made sure that the final result is in the public's best interest,” Kolevar said. “Without her leadership none of this would be possible.”

“This agreement reinforces that Hawai'i is open for energy business,” said Ted Liu, director of the State Department of Business, Economic Development, and Tourism. “It will require focused and upfront investment in order to get Hawai'i off its dependence on imported oil, but in the long term, will lead to significant reductions in energy costs to Hawai'i's consumers. It is an investment in a healthy future for our economy and for our environment. The path is not necessarily easy, but it will reward all of us in the end.”

"This agreement also includes measures to assist Hawai'i consumers, providing options to help them reduce their electricity bills," said State Consumer Advocate Catherine Awakuni. "Provisions include advanced meters and pricing that will reward customers for wise energy choices, no-money-down solar water heating installations, and an end to a utility business model based on increasing sales rather than encouraging decreases and efficiencies in energy use. All of this will help utility ratepayers in the days ahead."

"We appreciate the opportunity to participate in this critical effort led by Governor Lingle and her Administration, in particular the Department of Business, Economic Development and Tourism's energy division, and the contribution of time and expertise of the U.S. Department of Energy," said Constance Lau, chairman of the board, Hawaiian Electric Company.

"We are committed to making these plans a reality and working together with the state to achieve a more secure, economically viable and environmentally responsible energy future for Hawai'i," Lau said.

While this agreement is with the Hawaiian Electric utilities, the state and the consumer advocate are also working separately with Kaua'i Island Utility Cooperative (KIUC). KIUC and Kaua'i County are active participants in the Hawai'i Clean Energy Initiative. Kaua'i has unique energy issues such as a utility cooperative status, the lack of inter-island cable potential today, the existing grid lay-out, and limits to some renewable energy choices due to threatened and endangered avian populations which compel a separate agreement. KIUC and the U.S. Department of Energy are also working to model the KIUC grid to better understand the electricity choices available to Kaua'i.

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