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Richard Ha: The Hawaii island farmer is an outspoken advocate for sustainable energy

By Vicki Viotti

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“When you look at how many young folks are going into farming -- and I kind of know how hard it is to be successful in farming -- I see they’re having a hard time making money.” --Richard Ha, President, Hamakua Springs Country Farms

Richard Ha says he learned his own can-do spirit from his father, who worked the land before him on Hawaii island.

Farming has always been a challenge, he said earlier this week, but now the challenges are starting to overcome even the sunniest optimist.

And the costs of energy, Ha added, are key to the equation. That’s what’s driven the president of his family-owned Hamakua Springs Country Farms to become such an outspoken advocate for sustainable energy policy.

They are views he advances on his own blog (hahaha.hamakuasprings.com). He was part of the Kuokoa Inc. initiative in 2011, organized with the goal of purchasing Hawaii Electric Light Co. (HELCO).

And most recently, he's part of Hawaii Island Energy Cooperative, a new group that seeks a seat at the table in the Public Utilities Commission's review of the proposal to sell Hawaiian Electric Industries (HEI) to the Florida utility NextEra Energy Inc.

Ha, married with two adult children, sees no reason to stop working and traveling at age 70. He granted this interview while on Oahu this week for a state Board of Agriculture meeting (he's a member); when it was done, he was off to buy a heavy coat so he could endure the D.C. weather while attending yet another energy conference in the nation's capital.

A Vietnam veteran, he went back to school for an accounting degree, just to help with the running of his business, now a 600-acre farm operation in Pepeekeo. He installed a 100-kilowatt hydroelectric generator there to help with his farm's electricity bills — but the beneficiaries of cheaper energy costs extend statewide, he said, especially to the lower-income residents.

"Shouldn't we be trying to maximize the usage of the cheap power so we can fit the rubber-slipper folks?" he asked rhetorically. "That group has not been adequately considered in the discussion."

QUESTION: A few years ago, you were part of the Kuokoa Inc. enterprise. How did that start?

ANSWER: Well, I'm not so sure I feel real comfortable going back there, because it's finished; it's not in operation anymore. I really don't want to focus too much attention on it.

But there was a group of people that wanted to see what they could do to drive the cost of electricity down. That's basically what it was.

Q: Is the farm central to your interest in energy?

A: It's more than that, actually. Back around 2005, 2006, 2007, we started noticing our input costs were going up. It didn't take us long to figure out that it's all related to oil.

That's why I went to the first Association for the Study of Peak Oil conference, to study oil, so I could figure out how to position our business for the future. That was in 2007.

Out of that came the realization that the world had been using twice or three times as much oil as it had been finding. So the consequence would be rising prices; we could tell that ...

We were successful in putting through a bill in the Legislature forming a new farm loan program that would enable farmers to get cheaper-cost loans for alternate energy. And then I started looking into hydro, because it was on our property and it would help us cope with energy costs.

Q: How much did it cost you to do the hydro?

A: It was about $1 million, basically. ... We've had it now about a year. ...

The thing about oil is, if you look at it on your financial statement, and just look for utilities cost, or fuel, that's not all the effect of oil price. Petroleum prices affect the price of everything, because it's plastics and everything.

So what happens is, depending on who you're competing against -- and we're competing against the mainland U.S., for the most part -- they only use oil for 1 percent of their electricity generation; we use about 70 percent. So whenever oil prices rise ... we become less competitive ...

Q: But have the lower oil prices helped in that regard?

A: Just recently. But ... I've been to five of these oil conferences ... and as I started to get into it I realized it's a lot more complicated than I thought. It involved oil, and next it involved natural gas. And the characteristic of natural gas is that the natural gas wells deplete in five years. I mean, from 50 to 70 percent of everything that's going to come out, comes out in the first year.

The big oil boom we had, the shale oil boom we had from 2008 to now, is made up of a whole bunch of small wells to produce the amount that we do. But it depletes so quickly that we gotta replace 40 percent of it, just to stay even.

And now, with the oil price low, folks don't want to invest ... so when it starts to drop, the price will go up again ... Essentially, we know that at $40 a barrel, they lose big money and they stop. Then at $70, a number of them actually make money. And the shale oil and gas wells can respond faster than the traditional wells, like in Saudi Arabia.

Q: So they can fire up faster again?

A: Faster. So when the price gets back up to $70, they'll crank back up really quickly. So hopefully, oil price won't be going that high.

But the problem after that is, how much oil and gas do we actually have? And some credible studies say we don't really have that much. We think we do, and we're the Saudi America. And I worry, because we are so vulnerable here in Hawaii. So we've got to hedge our bets. We don't really know, but it's better to be safe than sorry.

Q: Let's talk about this co-op venture. How did the heads come together on this?

A: We all know that NextEra has put in an offer (for HEI)... and we also see that Kauai has a co-op. A bunch of organizations helped to put on this presentation by Kauai Island Utility Cooperative. They came over and gave a briefing.

And the people decided, wow, that's kind of interesting, because Kauai had been actually able to get their electricity rates to go down over the 12-year period. Everyone else went up.

On top of it ... it's a co-op, so the people own the utility. And if the utility makes money, the people get the rebate. ... So people thought, "Why don't we just look at that option?"

Now, first of all, it's not for sale. HELCO is not for sale. That's not the issue. The issue is, if we did not look into it and prepare, so that if the opportunity arose we could make an offer, we would never be in the game. We could never exercise the option. ...

Q: But does just being out there send a signal, if maybe NextEra doesn't want to buy HELCO but wants the rest of it?

A: Maybe, yeah? Because if we don't ...

Q: But that's not part of your calculation?

A: No, we just want to be in a position to do something, if it comes up. Like we've said before, we're not either for HELCO, HECO or NextEra. That's not our issue. Our issue is just bringing the possibility for it ... just in case.

Q: Do you have the sense that Hawaii island qualifies for the co-op model, in general?

A: Not the whole island qualifies. So we're in the process of looking into what the possibility (is) with the USDA, the possibility with the Association of Co-ops....

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Q: How much of your deep interest in energy relates to your own industry, agriculture?

A: Well, there's two parts to it. When I went to these peak-oil conferences -- and, as I said, I went to five of them -- the more I went to them, the more I realized this issue is bigger than just my farm. So that's when I started to advocate for energy, in general, just have this discussion on my blog, and stuff ...

I was the only person to have gone to five peak-oil conferences for all of Hawaii. So, I felt an obligation to kind of say what I had heard, and warn people. So I kind of was stuck with the kuleana, they say, eh? Responsibility. I didn't really want to do this. I was just minding my own business before this happened.

You know what happens when you go to five? Over a period of time you get to see who said what, and you get to see who's credible and not. And if you're an observer and trying to figure out motivation, pretty soon a pattern starts to evolve. And then you can feel more confident that what you think is happening is actually happening. ...

I try to never make it about me. ... I try most of the time to rely on the experts, because I certainly am not.

Q: Since you're in town this week for the ag board meeting, how would you say things are going with agriculture in Hawaii?

A: I'm very concerned. And I think ag and energy are inextricably entwined. I see so many young folks want to get into agriculture. I mean, everybody's talking about school-to-farm programs, and all kinds of stuff.

But then when you look at how many young folks are going into farming -- and I kind of know how hard it is to be successful in farming -- I see they're having a hard time making money.

My basic idea is that, if we are looking for food sustainability, it's about farmers farming. And I would say if the farmers make money, the farmers will farm. ... The younger generations are having a harder time than I had when I was getting into farming.

Q: What's at the heart of that? Is it the cost of lease rents?

A: It's a whole bunch of things. You'd think it's cost of land, but it's not really land. Because you can give the land and have them make money, and they'd still have a hard time.

What has happened, in my mind, is that oil prices quadrupled in the last 10 years, and we have not seen the consequences of that.

And the consequence of that is that the folks who could pass on the cost did pass on the cost. ... The folks that had not been able to pass it on dropped lower and lower on the economic scale. ... Folks on fixed income, old people, single moms, they're under a lot of stress. It's just hard.

Two-thirds of our economy is made up of consumer spending. If we could figure out a way to give the consumers more money, then they could spend and everybody up the chain would benefit.