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Co-op files to ensure plug-in with utility decisions

The group wants the Big Isle's needs to be considered as the HEI-NextEra merger is being weighed

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Richard Ha (left), Marco Mangelsdorf

The Hawaii Island Energy Cooperative is seeking a seat at the table as the Public Utilities Commission considers the proposed merger of Hawaiian Electric Industries and NextEra Energy.

The new nonprofit cooperative association, registered with the state Feb. 9, was formed by business and community leaders to explore the possibility of creating an energy co-op on Hawaii island.

The Hilo-based co-op filed a motion Feb. 11 to intervene in the Public Utilities Commission docket on the proposed \$4.3 billion merger between NextEra and HEI. But it is not taking a position for or against the deal, according to Marco Mangelsdorf, spokesman and a director of the co-op.

Instead, it hopes to ensure that commissioners consider the island's energy needs and the potential benefits of a cooperative model of utility ownership during their deliberations.



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“We seek to participate in the discussion of the unique perspective of the residents of our island, and if appropriate, explore an option that would make for a fundamental change in the landscape of energy production and consumption on Hawaii island,” Mangelsdorf said.

The co-op is led by its president, Richard Ha, president of Hama-kua Springs Country Farms; vice presidents Gerald DeMello, a retired University of Hawaii administrator, and Wallace Ishibashi, a former division director for the International Longshore and Warehouse Union; and Mangelsdorf, president of ProVision Solar Inc.

They and other Hawaii island residents formed a co-op steering committee in December and have been studying the successful example of the Kauai Island Utility Cooperative, which was launched by business and community leaders 12 years ago.

Florida-based NextEra announced its agreement Dec. 3 to buy Hawaiian Electric’s utilities on Oahu, Maui and Hawaii island in a deal the parties hope to close by the end of the year. It requires PUC approval.

At this point the Hawaii Island Energy Co-op is not trying to buy Hawaiian Electric Light Co., the Hawaii island utility, since it is not up for sale, Mangelsdorf said.

“It’s clear, according to the conditions and terms of the merger, neither HEI or NextEra can entertain any other offers for all or part of the companies, which is something we respect,” Mangelsdorf said. “HIEC is positioning itself as a possible option worthy of consideration to take Hawaii island in a different energy direction, depending on the course of the proceedings.”

The co-op’s mission, according to its filing with the Department of Commerce and Consumer Affairs, is “to provide to its members, on a cooperative basis, reliable, cost-effective electric energy and other energy solutions in an environmentally responsible and community-supported manner.”

In making its case to intervene, HIEC said it should have a right to participate given its mission and intended business plan as an energy cooperative association for the island of Hawaii.

“A sound record should include evaluation of the pending transaction in relation to potential future alternatives that may be in the public interest, including interests unique to the island of Hawaii,” the filing said.

The group cited potential benefits of a co-op structure including local, democratic control of critical infrastructure; community-chosen priorities; and potentially lower electricity costs through tax-exempt status, access to lower cost financing, and no shareholder profits.

It also sees a chance for greater energy independence and sustainability with development of island-produced fuels for both electrical generation and transportation.

“Being able to have more direct control over Hawaii island’s present and future energy profile would provide us with an extraordinary opportunity to showcase what can be done on our island on many different and innovative levels,” Mangelsdorf said.