

Ige opposes NextEra deal

2 state agencies urge the PUC to reject the purchase of isle electric firms

By Kathryn Mykleseth

Gov. David Ige said Monday he is opposed to NextEra Energy Inc.'s purchase of Hawaii's largest electric utility and is recommending the state Public Utilities Commission reject the deal.

"When we first met with NextEra, we were very clear that we had serious reservations about its proposal," Ige said in a statement to the Honolulu Star-Advertiser. "Those reservations remain and if anything, are stronger today."

Ige's comments came as two state agencies — the Office of Planning and the Department of Business, Economic Development and Tourism — filed more than 500 pages of documents Monday with the PUC, arguing that the sale of Hawaiian Electric Industries to Florida-based NextEra, as currently structured, "should not be approved."

NextEra said in December it planned to buy HEI for \$4.3 billion. The purchase has been approved by HEI and NextEra shareholders and the Federal Energy Regulatory Commission. PUC approval is the last and most problematic hurdle for supporters of the deal. Randy Iwase, the Ige-appointed head of the PUC, has said his agency's review could take until June due to the historical significance of the sale.

Ige signed into law last month a bill that sets a goal of 100 percent of the state's electric power coming from renewable energy sources by 2045. The governor said Monday he is not convinced NextEra is the company to get the state there.

"We are committed to a 100 percent renewable future, standing alone among the 50 states in the nation in that action. We need an electric company that sees Hawaii as the center of its work and the opportunity we represent as one of the greatest moments in history for any utility," Ige said. "We have not seen that in this proposal."

NextEra spokesman Rob Gould, reached late Monday on the East Coast, said the company could not immediately comment on Ige's stance.

NextEra said last month the state's 2045 goal "may prove to be very aggressive."

That answer was unacceptable for the state.

"Based on NextEra's decision to make a first impression by claiming that the state's energy policies may be too difficult to meet, DBEDT is concerned that NextEra has not proven that it has internalized local issues into its decision making processes," DBEDT said.

The two state agencies were among the 28 approved "intervenor" in the case that filed testimony about the acquisition with the PUC on Monday. Most of the groups — including the U.S. Department of Defense — said they either oppose the purchase or could accept it only with conditions.



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In their testimony, the state agencies recommended the PUC reject the sale, with no responsibility to give the applicants a second chance.

“The applicants have not shown that the proposed transaction is in the public interest. Thus, the commission has the authority to reject the proposal without further consideration,” DBEDT said. “The applicants had the burden of proof and were either unable or unwilling to submit a proposal that satisfied that burden.”

As part of the PUC’s review, NextEra and HEI must respond to informational requests and questions posed by the approved groups.

The answers provided by NextEra and HEI were insufficient, according to the two state agencies.

NextEra failed to show a clear vision that would advance the state’s energy policy goals, promote competition and ensure local control, DBEDT said in its filing.

When it announced the deal, NextEra said its resources would help speed up the 2030 energy goals HEI proposed in August, which include lowering customer bills by 20 percent, renewable energy reaching 65 percent of the utility’s energy mix and tripling rooftop solar.

NextEra’s history with solar at its Florida utility, Florida Power & Light, also proved to be a problem for the state.

“The difference in penetration levels of distributed generation (or rooftop solar) in Florida and Hawaii are striking,” DBEDT said. “In the face of this evidence, general statements about financial, technical, and operational experience simply do not suggest that Next-Era’s work in other states will bring demonstrable benefits to Hawaii.”

There are approximately 3,000 FPL customers with rooftop solar among the utility’s 4.8 million customers. Hawaiian Electric — which includes Hawaiian Electric Co. on Oahu, Hawaii Electric Light Co. on Hawaii island and Maui Electric Light — has approved almost 70,000 rooftop solar systems with a total of only 450,000 customers.

DBEDT said it was concerned that control of HEI would move from a Hawaii-based board of directors, made up of executives who had been traditionally deeply rooted in the Hawaiian energy and business landscape, to NextEra’s Florida-based CEO and board of directors.

“The loss of control is a reduction of benefits to ratepayers,” DBEDT said.

The state Office of Planning recommended the PUC not approve the sale until further information is provided by NextEra about the societal benefits of the merger.

“There remain questions or uncertainty on issues such as commitments to corporate giving, impacts to employees/employment/labor, corporate governance and community values,” the Office of Planning said.