

Energy co-op debate continues

By COLIN M. STEWART Hawaii Tribune-Herald

Following a strong showing at a public listening session last month, proponents of a ratepayer-owned electric utility on Hawaii Island continue to push what they see as a superior alternative to the proposed \$4.3 billion acquisition of Hawaii Electric Light Co. by Florida-based NextEra Energy Inc.

In testimony filed Oct. 5 with the Public Utilities Commission, Hawaii Island Energy Cooperative spokesman Marco Mangelsdorf said that the consideration of an alternative to the NextEra purchase isn't only within the purview of the PUC, it is "required to be considered" within the context of determining whether the takeover of Hawaii's utilities is in the public interest.

"We see a once in several lifetimes opportunity to consider the fundamental organizational structure of the electric infrastructure on Hawaii Island, and HIEC was formed to propose the consideration of that alternative structure as a meaningful topic once this change of control transaction commenced," he stated.

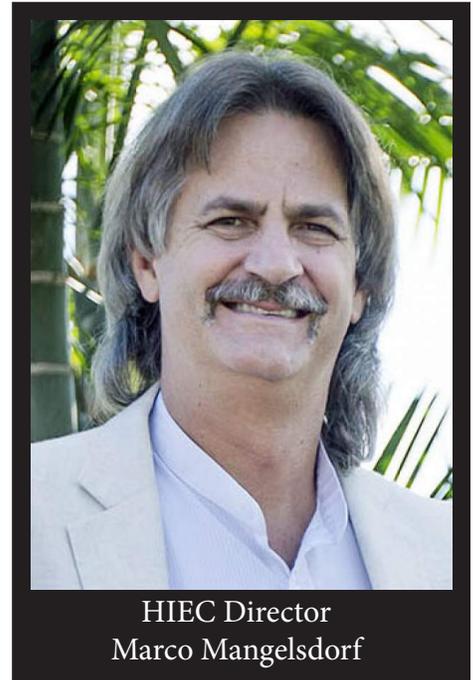
In his testimony, Mangelsdorf took issue with Aug. 31 testimony supplied by NextEra advisor John Reed, chairman and CEO of Massachusetts-based Concentric Energy Advisors Inc., who told commissioners that a cooperative utility would not be more cost effective than the Hawaiian Electric Companies.

"The economics of forming a new utility are very challenging," he said. "The cost to acquire a utility often overshadows the new utility for decades. In addition to the high acquisition costs involved that are often multiples of book value, there is no inherent advantage of a co-op or (municipal utility) on the largest component of the customer's bill — fuel mix. ... In Hawaii, the advantages related to fuel diversity do not exist for a newly formed utility."

Mangelsdorf's testimony last week accused Reed of displaying a "striking ignorance" of the fuel mix on Hawaii Island.

"Hawaii Island has a diversity of fuel mix that would be the envy of virtually any electric utility company," he said.

"In 2014, approximately 50 percent of all kilowatt-hours consumed on the island came from renewable energy sources. ... HIEC, if it were provided with the opportunity, would gain immediate advantages from the fuel mix on the island and, as evidenced by (Kauai Island Utility Cooperative's) progressive and nimble efforts and achievements in integrating utility-scale (photovoltaic) and utility-scale battery storage, would be posed in the near-term, not waiting till 2045, to significantly increase the renewables fuel mix on Hawaii Island."



HIEC Director
Marco Mangelsdorf



At a PUC-organized listening session in Hilo on Sept. 29, it became clear that the co-op business model had captured the attention of Hawaii Island's electricity consumers, with the vast majority of testifiers at the meeting expressing their support for HIEC.

Dozens of speakers waited in line at the meeting to urge the PUC to consider a co-op, despite being reminded several times by Chairman Randy Iwase that the PUC was seeking comment specifically on the NextEra merger and not a cooperative utility.

The PUC is expected to render its decision on the merger in June.