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## Hawaii Rejects NextEra's \$4.3 Billion Bid for Hawaiian Electric

Hawaii's Public Utility Commission says NextEra failed to prove its plans for HECO would be good for the state

By Rebecca Smith, July 15, 2016



A worker installed solar panels on a roof in Honolulu on July 8, 2016. Hawaii's Public Utility Commission rejected NextEra Energy's \$4.3 billion bid to buy Hawaiian Electric.

Hawaiian officials rejected NextEra Energy Inc.'s \$4.3 billion bid to buy the state's biggest corporation, Hawaiian Electric Co., unconvinced it would have helped utility consumers and the state achieve its aggressive goal to become more energy self-sufficient.

Hawaii generates most of its electricity by burning oil, and has set a target of switching to 100% renewable power by 2045 while also converting more cars to run on electricity.

Late Friday, Hawaii's Public Utility Commission issued a decision that said NextEra failed to prove its plans for HECO would be good for the state. The regulator highlighted concerns about the risks and benefits to utility customers and NextEra's clean-energy commitments.

The Florida-based company has a poor record of accommodating residential solar expansion in its home state, which made many Hawaiian officials—including Democratic Gov. David Ige—skeptical of NextEra's commitment to the islands' green-energy aspirations.

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NextEra, which is the biggest owner of renewable power projects in the U.S., insisted it had the chops to take Hawaii's efforts to the next level. But opponents of the deal said they feared the company would push a plan to build expensive liquefied natural gas facilities on the islands and delay making grid upgrades sorely needed to boost home solar capacity that will be required for the state to hit its target.

The commission called NextEra's assurances about supporting Hawaii's green energy goals "simply too broad and vague" despite its "extensive management capabilities, experience and finances."

No one at the commission could be reached for comment on Friday afternoon.

HECO and NextEra, in a joint release, said they are reviewing the decision and had no comment for now.

Hawaii ranks 49th in energy consumption per capita, but the state's residents pay more per kilowatt-hour for electricity than other Americans. The state depends heavily imported oil to meet its energy needs for power and transportation.

Despite the recent collapse in crude-oil prices, electricity in Hawaii remains very costly. In April, the average power price in Hawaii was 27 cents a kilowatt-hour, versus a U.S. average of 12 cents.

Polls show a huge majority of Hawaiians favor policies that give preference to cheaper, cleaner electricity sources like solar panels and wind turbines, both of which qualify for hefty federal subsidies. In lengthy hearings earlier this year, the majority of speakers opposed NextEra's deal to buy HECO.

Marco Mangelsdorf, local solar businessman and director of the Hawaii Island Energy Cooperative, said he hoped the commission's move would allow other options to proceed that will be better for the state, including for his co-op to take over some of HECO's assets.

"It's been a long road these past two years," he said of the length of time it took for Hawaiian officials to make their decision.

The commission has had a sometimes-testy relationship with HECO and some officials feared the relationship would get worse if the utility's parent company were 6,000 miles and five time zones away in Juno Beach, Fla.

Earlier this year, the commission's chairman, Randall Iwase, reprimanded the utility for several actions, including terminating solar projects on Oahu and a biomass project on Hawaii Island as well as for chronic delays in connecting up customer-owned solar systems. Mr. Iwase said HECO's actions were "a step backwards from the state's clean energy goals" and the commission would "thoroughly investigate the conduct of the HECO companies."

The merger decision wasn't without behind-the-scenes drama. On July 1, Gov. Ige suddenly appointed a new member to the utility commission. But the newest member on the three-person board abstained from the vote, resulting in a 2-to-0 decision. There had been questions about the legality of the appointment since it hadn't been confirmed by state lawmakers.