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With NextEra deal off table, stakeholders wonder what's next for Hawaii

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By MAX DIBLE West Hawaii Today

KAILUA-KONA — The NextEra deal is dead, and one looming question presides over its demise: What comes next for Hawaii, a state that has set the most ambitious renewable energy goals in the nation?

Energy experts, politicians and the interested public gathered Thursday night in Kailua-Kona to discuss exactly that. Jay Ignacio, president of Hawaii Electric Co., said whatever the future paradigm is, it must be affordable, reliable and offer access to renewable energy.

Somewhat contradictory to those statements, Ignacio made two things prominently known to attendees. First, HELCO is seeking a rate increase, some specific details of which will be released to the public early next week.

Second, despite the state's mark of 23 percent renewable energy usage and Hawaii Island's mark of nearly 49 percent renewable energy usage, the traditional grid isn't going anywhere any time soon.

"I still see the grid as an integral part of the future," he said. "I think there is still value for our customers, there is still value for the community. And it's important that we do not take the approach, the attitude that we would just disregard the grid, destroy it, and be careless about it."

Isaac Moriwake, a lawyer with Earthjustice's Mid-Pacific Office who spoke staunchly in favor of aiding the further development and utilization of solar power, more or less agreed with Ignacio's take on the grid.

"There is some synergy to the grid," Moriwake explained.

"There is a public good there. That is why we have to make sure we create the right incentives, so people stay connected and interactive and engaged in the grid and not just drop off entirely, or we are going to lose that collective network benefit."

Ignacio said that though there has been speculation in the media, the utility is not currently involved in ongoing negotiations regarding its sale to another corporate entity like NextEra.

That leaves open the possibility that Hawaii Island Energy Cooperative, could potentially find itself in a position to purchase the utility.

Marco Mangelsdorf, who represented HIEC at Thursday night's meeting, said that if HIEC assumed control of the utility, an important shift would occur. Instead of an investor-owned utility, it would assume a cooperative model.

In other words, it would put the interests of customers and ratepayers first rather than concerning itself with investors in the utility and their profits.

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Mangelsdorf wouldn't elaborate on whether any discussions of a purchase were underway.

He did indicate, however, that the price would run at least \$700 million, but added that entities which support cooperatives throughout the U.S. have expressed interest in backing such a move by HIEC.

He explained that if a purchase were to happen, the cooperative would still be regulated by the Public Utilities Commission and employees from HELCO would be welcome additions to the new setup.

"There would not be some wholesale cleaning house where you would sweep out the old and bring in the new," Mangelsdorf explained. "That would make no sense."

Along with ownership, the future of renewable energy was a primary topic of discussion.

While wind power, hydro and geothermal sources of energy all contribute to the Big Island's high rate of renewable energy usage, solar power is still the driving factor of progress. And in sunny Hawaii, solar still appears the best way forward as the state strives to reach 100 percent renewable energy usage by 2045.

But debate exists around the expansion of solar, particularly around cost shifts. Most solar users still operate on the established grid. Panels don't always produce enough energy to run the home or business they serve. In those cases, solar users buy electricity from the utility company to meet their needs.

However, at other times, solar generates more power than a home or business can use. In those cases, solar users are compensated for the power generated as it is filtered back into the grid and redistributed.

Often, users are compensated amounts that essentially offset what they pay in when their panels don't generate enough energy.

The issue is that some utility companies have claimed solar users end up passing on grid maintenance costs to the traditional electricity consumers.

Solar users are still utilizing the grid, but end up paying less than their share for grid maintenance.

This has led to caps on incentive programs, making rooftop solar a less attractive option, which seems to conflict with 100 percent sustainable energy goals while de-incentivizing individual rooftop solar owners from remaining attached to the grid.

"When those things get capped out and there is no pathway for people to stay interconnected, what is going to happen?" Moriwake asked. "You give people no other alternative at a certain point than to drop off, and I think that is bad policy. We talk about how some people put in solar and that is a burden on other customers. Well, it's also a benefit to your neighbors and a benefit to the grid."

Dropping off is a more viable solution as new technologies that allow individual consumers to store excess energy on their own become more pervasive.

One potential solution is to create a centralized solar source, but this could also create roadblocks to a 100 percent sustainability goal.

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“I see an inherent tension between promoting rooftop solar but also wanting to promote a model for more renewables, cost-effective renewables, cheaper renewables,” Mangelsdorf said. “Centralized solar is better for all ratepayers. But you are in some form or fashion reducing the ability of the grid to accept more rooftop solar.”

The discussion on Hawaii’s energy future has only just begun, but Moriwake said two things are for certain: the state remains far away from its goal, and to reach it, a paradigm shift must occur.

“We need an all-of-the-above strategy and to me, I think we have to maximize rooftop solar and then everything else to get to 100 (percent), realistically,” he said.

“The plan has to be renewables first, and then maybe fossil fuels for the time being supplementing that where necessary. It has been the opposite so far.”