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Shake up HEI, for sake of isles' energy future

By Marco Mangelsdorf

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Nearly 20 years ago, I moved to Hawaii to accept a job as a founding member of Hawaiian Electric Industries' spin-off, solar electric-focused ProVision Technologies. I was then, and still am now, very grateful to have been hired by ProVision as well as having the opportunity to buy the company from HEI in 2003.

As both a rider of the solarcoaster and an analyst of our decades-long efforts to wean ourselves from the risky dependence on and addiction to imported oil, I've been asking myself some tough questions lately: Are we doing enough to adequately move the needle of our clean energy transformation? And is Hawaiian Electric up to the task?

Sadly, I have to conclude we are not moving fast enough, and that, despite the difficulty in calling out those people I've come to like and respect, the Hawaiian Electric companies have not been up to the challenges of what needs to be done.

The fundamental question: Have HEI and its utilities led the way in stabilizing electric costs and bringing online cost-effective renewable energies, or have they been pushed, prodded and pulled to do so? I believe that a stronger case can be made for the latter.

Going back to at least the early 2000s, successive Public Utilities Commissions under the leadership of Carl Caliboso, Mina Morita, Randy Iwase and now Jay Griffin have expressed concerns over HECO and its subsidiaries' relative inability to adequately control costs.

In fact, HECO's August filing for another rate increase prompted the ordering of an unprecedented management audit of the company. And last month, the commission, in another unusual move, declined to provide any interim increase in response to HELCO's December 2018 application for a base rate rise.

And in light of long-standing concerns over HECO's cost-of-services business model, which essentially rewards investor-owned utilities to spend more in capital expenditures, the commission is moving forward with a docket that will fundamentally change the way Hawaiian Electric does business by making it performance- rather than spending-based.

Yes, controlling expenses and the inherent liability of the state's economy still being more than 80% dependent on imported petroleum make for challenges. But look no farther than Kauai to see how a nimble and proactive electric utility here can make considerable progress in stabilizing costs and achieve real progress in bringing solar and energy storage online in years, not decades.

In 2011, Kauai Island Utility Cooperative was about 14% renewable; this year, KIUC will be over 50% and expects to reach 80% no later than 2025. In 2011, the consolidated renewable tally for the five islands of Hawaiian Electric was 12%. In 2015, it was 23%; in 2016, 26%, in 2017, 27%, in 2018, 27%, with this year looking to be about the same.

Hawaiian Electric's typical response to this kind of criticism is to point to all the bold and innovative things it says it's doing now or going to do in the future. The rub is that this is what it's essentially been saying for years.

Case in point: Hawaiian Electric issued a request for proposals for adding utility-scale energy storage more than five years ago but to date, has practically little to nothing to show for it.

So, where do we and Hawaiian Electric go from here? Succession planning is likely going on at the top of HEI as CEO Connie Lau, for whom I have much aloha and respect, exits the stage after more than 13 years, and at HECO, where Alan Oshima has passed the 5-year mark.

The proverbial fork in the road is upon them and us: Choose status quo execs from its existing ranks and continue business as usual, or look outside for new game-changer leaders. It is time for a shake-up.

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