

Star Advertiser

HEI might not be NextEra's next acquisition after all

By Richard Borreca

POSTED: 1:30 a.m. HST, Jul 24, 2015

NextEra Energy Inc. doesn't need a lobbyist, a special adviser or another lawyer to snag Hawaiian Electric Industries; it needs a hearing aid.

Gov. David Ige, in his most clear-cut explanation, this week told the big Florida-based power company that Hawaii was just not into it.

In a 22-minute state Capitol news conference on Tuesday, Ige used everything except pictures to explain what Hawaii wants from an electric company and why NextEra was getting it all wrong.

It is about your business model, Ige said.

"Clearly the corporation is not aligned with what the state is doing," Ige said to reporters. "Clearly we are looking for a partner that shares our hopes and dreams in terms of electricity generation."

Ige's comments arrive as the state advisors are summing up their reasons for the Public Utilities Commission to reject the \$4.3 billion deal. What is remarkable about the proposal is how few supporters are behind it.

Outside of the corporate offices of Hawaiian Electric, there is just no one hoping for NextEra to buy Hawaiian Electric. The ghost town includes almost all 28 of the PUC interveners in the case.

NextEra's bad start was signaled by a House resolution stating that the company "has acted in a manner that does not reflect the good faith that had been promised to ensure that the acquisition would benefit Hawaii's ratepayers."

The question is not that Ige or his advisers are displeased with Hawaiian Electric; rather, the state has moved on with a new energy policy that includes rooftop solar energy and reselling excess energy back to the company, and the electric company is expected to incorporate that in its business model.

NextEra is on the outs, according to Ige, because its business model embraces none of that.

"The business model that we believe in is one that encourages distributed energy. It encourages a person's own ability to generate their own electricity off their rooftop. It requires smart grids. It requires a business model that requires returns on transmissions separate from the utility, and it does require a model for distributed generation as well," Ige said at his news conference.

All of these provisos were the items that NextEra did not talk about, said Ige, and he wants the deal tossed.

Ige pointedly noted that the state's stipulations "are all opposite to the business model embraced by Next-Era."

The governor added that Hawaiian Electric was another disapproved business model, noting, however, "But HECO is here."



So it might be a busted business model, but it is our busted business model with the assumption that it can be changed.

Meanwhile, there is another way to skin that HECO fat cat: some sort of public or co-op ownership of the company.

Senate President Ron Kouchi was a founding board member of the Kauai Utility Cooperative, which bought the company from another utility company and operates it as a non-profit.

It also has a business plan sounding like the one Ige wants, including “aggressively pursuing diversification of its energy portfolio to include a growing percentage of hydropower, photovoltaic, biofuel and biomass.”

In an interview, Kouchi said he thinks a co-op would be “a tremendous opportunity” for neighbor island power generation. So now, with Ige frowning at the NextEra deal, some co-op might come for the rest of the state.

For the state, that might mean a step closer to renewable power, although without guarantees of a lower price.

For NextEra, that means that when one door closes, another one doesn't open; it just slams in your face.