

HAWAII CLEAN ENERGY INITIATIVE ON TRACK AT TWO-YEAR MARK

State Aims to Stimulate Economy with Bold Energy Strategy

For Immediate Release: January 27, 2010

HONOLULU — The Lingle-Aiona administration today reaffirmed its vision and commitment to a clean energy-driven Hawaii economy at an event marking the second anniversary of the Hawaii Clean Energy Initiative (HCEI).

Two years ago, on January 28, 2008, Governor Linda Lingle announced the unprecedented HCEI partnership between the State of Hawaii and the U.S. Department of Energy with the bold vision to transform Hawaii from the most foreign oil-dependent state in the nation to a secure and thriving economy based on tapping our state's abundant local energy resources.

At its two-year mark, HCEI is on target to meet its ambitious goal of 70 percent clean energy by 2030.

"The scope, breadth and depth of activity surrounding the Hawaii Clean Energy Initiative has truly been remarkable," said Governor Lingle. "I am very optimistic and confident that we are on the right path toward a clean and secure energy future for our state and today I re-commit our State to achieving the HCEI objectives. The breadth of partnership and collaboration across so many participants has been and will be critical to making this a success."

To achieve HCEI goals, the Lingle-Aiona administration recognizes that government's role is to establish the policy and regulatory framework that allows the markets to function and to invest in and develop clean energy resources. From 2006 through the 2009 legislative session 19 landmark clean energy bills have been enacted into law, including a Renewable Energy Portfolio Standard (RPS) and an Energy Efficiency Portfolio Standard (EEPS), both the most progressive in the nation.

The Lingle-Aiona administration further recognized the importance of transforming the state's regulatory environment to facilitate clean energy development. To date 34 dockets related to clean energy development are active before the Public Utilities Commission (PUC), including historic and "game-changing" dockets establishing feed-in tariffs and decoupling for the Hawaiian Electric Companies.

Fundamentally transforming Hawaii's energy system also required collaboration with the state's utility companies to increase renewable energy generation and integrating renewable energy into utility grids. The Lingle-Aiona administration and the Hawaiian Electric Company (HECO) entered into a historic Energy Agreement on October 20, 2008, pursuant to which HECO committed to integrating 1,122 megawatts (MW) of utility-scale renewables by 2030, along with approximately 660 MW of customer-sited photovoltaics and other distributed generation into its power grid.

Renewable energy development has surged since HCEI's inception. Hawaii now leads the nation in solar water heating, which accounted for more than a third of all systems installed in 2008. With the ramping-up of photovoltaic installations on public and private facilities, Hawaii now ranks third in the nation in per-capita photovoltaic generation.

Hawaii residents are also becoming more energy efficient. In 2008, Hawaii residents used 8 percent less energy per-capita in 2008 than 2007, marking the sharpest decline in recent years. As per-capita energy use drops steadily, Hawaii is spending less on energy per dollar of gross state product (GSP), leaving more to be invested by its residents and businesses.

State agencies are leading by example. As a result of the Lingle-Aiona administration's Lead by Example initiative, electricity consumption in the executive branch of state government decreased by nearly 6 percent from 2008 to 2009, saving an estimated \$10 million a year in general funds. The State's Department of Accounting & General Services (DAGS) has entered into energy savings performance contracts for 10 downtown state office buildings, including the State Capitol, with more buildings to follow.

In the liquid fuels sector, which is important as one-third of Hawaii's energy consumption is in transportation, the state's 2009 Bioenergy Master Plan created a roadmap for bioenergy development in Hawaii. In December the U.S. Department of Energy released \$48 million in Recovery Act funding for biorefinery technology advancements and production facilities in Hawaii. Further in transportation, the state has established partnerships with several private sector entities to deploy and test electric vehicles. The state's first public EV charging station opened on January 23, 2010, and new legislation encourages electric vehicles by requiring designated parking stalls and charging stations in parking lots with at least 100 public stalls.

Dozens of energy companies are pursuing clean energy projects statewide in wind, solar, geothermal, wave and ocean energy and biomass. Wind-generated electricity is one of the fastest-growing renewable energy industries in Hawaii. A landmark agreement between HECO, Castle & Cooke, and First Wind in March 2009 initiated wind energy projects on the islands of Lanai and Molokai, where wind resources are the most abundant, each with potential to supply between 200 and 400 MW of power.

Ancillary to the development of the renewable generation facilities is the development of an undersea cable between Maui County and Oahu that would transport renewable energy from where it is more abundant to where it's needed most. The state is progressing with a number of studies, including seafloor surveys that have confirmed the physical feasibility of the project and identified possible cable routes. The state has also issued a request for proposals for an environmental impact statement (EIS) and will look to the findings of that EIS to help it make decisions that work for everyone. The state hopes to commence construction of the cable within three years.

Approximately \$133.9M of federal ARRA funds have been obtained for Hawaii energy projects in areas including biomass, geothermal, water, smart grid, state electricity regulators assistance, energy efficiency and conservation, and workforce development.

"The importance of HCEI's goals to Hawaii's future cannot be overstated," said DBEDT Director and State Energy Resources Coordinator Theodore Liu. "In addition to being a catalyst for energy independence and greater energy security across the state, HCEI is paving the way for economic recovery and growth, providing incentives for investment in clean energy development, generating exciting new business opportunities and higher-paying, green-collar jobs that come with a new, clean energy economy."

Moving Forward – Clean Energy Legislative Initiatives

To continue building on the foundation of the Hawai'i Clean Energy Initiative, Governor Lingle unveiled in her State of the State Address on Monday a comprehensive package of legislative initiatives that will serve as effective incentives for investments in clean energy. The measures include:

A ban on the construction of new power plants that burn fossil fuels.

A general excise tax exemption on renewable energy projects of at least 2 megawatts that are placed in service between January 1, 2011 and January 1, 2015.

A general excise tax rebate on electric and plug-in hybrid vehicles as well as charging stations.

The Hawai'i Clean Energy Investment (HCEI) Bonds Program to assist residential and commercial property owners with upfront costs of installing clean energy systems or efficiency upgrades by allowing them to borrow money from the State and then repay the loans over a period of years via an annual assessment on their real property tax bill.

HAWAII CLEAN ENERGY INITIATIVE MILESTONES

Several important milestones in a number of key areas have been achieved that form the foundation on which HCEI's ambitious goals will be achieved, including:

The Lingle-Aiona Administration, together with the State Legislature, have put into place the policy and regulatory framework to facilitate the development and growth of Hawai'i's clean energy economy.

As the result of this framework, the private sector has responded with proposing over 100 renewable energy projects involving billions of dollars of private investment.

Significant opportunities have been put into place and will continue to be developed for Hawai'i's residents and businesses to conserve energy and to reduce their energy bills.

State government is "leading by example" with energy conservation retrofits and deploying their assets, including state lands, to support clean energy generation.

Cutting-edge clean energy technologies and processes are being developed or tested and deployed in Hawai'i funded in large part by off-shore private or federal sources of investment.

Analysis, planning and pilot projects are underway to upgrade and modernize how Hawai'i transmits and distributes electricity and to lay the foundation of development and adoption of "smart grids."

Significant progress has been made on planning and developing liquid fuel alternatives to transition transportation away from foreign oil while supporting local food production and security.

Substantive and lasting partnerships have been launched, including with our local utilities and refineries, the visitor industry and the U.S. Department of Defense military installations, to capture the benefits of a clean energy economy.

Over \$125 million in federal investment have been obtained to fund the initial work on Hawai'i's energy system transformation.

Significant attention has been drawn to Hawai'i as a model that other states in the United States and countries in the region can follow.

Additional information on the Lingle-Aiona Administration's legislative initiatives is available on the Governor's website (www.hawaii.gov/gov).

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