



Hawaiian Electric Company

N E W S • R E L E A S E

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Hawaii Public Utilities Commission approves biodiesel contract for Hawaiian Electric's Campbell Industrial Park Generating Station
Contract also okayed to fuel Maui Electric biodiesel test project

HONOLULU, Hawaii – The Hawaii Public Utilities Commission has approved a two-year contract for a subsidiary of Iowa-based Renewable Energy Group® to supply three to seven million gallons of renewable biodiesel annually to fuel Hawaiian Electric Company's new 110-megawatt combustion turbine generator unit at Campbell Industrial Park Generating Station. The high-quality biodiesel is processed from used cooking oil (known as yellow grease) and waste animal fat.

In a separate ruling, the PUC approved a contract for Sime Darby, Malaysia's leading multi-national conglomerate, to provide approximately one million gallons of palm oil-derived biodiesel for use in Maui Electric Company's Biodiesel Demonstration Project at its Ma'alaea Power Plant.

The demonstration will assess the use of biodiesel in place of petroleum-diesel in Maui Electric's diesel generating units and other diesel units around the state. Converting to biodiesel will be an important part of meeting Hawaii's renewable energy goal of 40 percent of electricity from renewable resources by 2030.

Maui Electric has long used clean-burning biodiesel for start up and shut down of its diesel generators but the demonstration will test biodiesel for four months to determine its long-term effect on air emissions, heat rate, operations and maintenance costs and other factors.

Both contracts require that the biodiesel supplier meet all technical specifications, environmental and legal requirements as well as the terms of the *Environmental Policy for Procurement of Biodiesel from Sustainably-Produced Palm Oil and Locally-Grown Feedstock* adopted in August 2007 by the Natural Resources Defense Council and Hawaiian Electric companies.

"We are moving forward in our quest for locally grown and processed biofuels for our units," said Robbie Alm, Hawaiian Electric executive vice president. "At the same time, this short-term contract for the new Campbell Industrial Park generator and the biofuel to test on Maui will allow us to provide power to our customers today as we create a market in Hawaii to nurture an agricultural energy industry for tomorrow.

"We must pursue every renewable resource available -- sun, wind, our land and oceans -- and take advantage of our unique ability to substitute 'green' fuels in place of 'black' oil-based fuels in our new and existing generating units," Alm said.

Campbell Industrial Park Generating Station was completed last year and because the generator is more efficient than older combustion turbines in the Hawaiian Electric fleet, with

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Public Utilities Commission approval, the unit has been used to help meet Oahu's energy needs during peak demand hours.

The new unit can start quickly in emergencies and also can increase or decrease power output rapidly. This capability can help maintain reliability as more intermittent renewable energy sources, such as wind or solar power, are added to the grid on Oahu. The unit also has "black start" capability to help restart the electric system should an island-wide outage occur.

The Public Utilities Commission approvals, which come after considering the contracts and input from the Hawaii Office of Consumer Advocacy, allow Hawaiian Electric and Maui Electric to recover the cost of the fuels, transportation, storage, and related costs in the energy cost adjustment surcharge. The utilities take no mark-up or profit on such fuel costs.

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Hawaiian Electric Company, Inc., and its subsidiaries, Maui Electric Company, Ltd., and Hawaii Electric Light Company, Inc., provide electricity to 95 percent of the state's 1.2 million residents on Oahu, Maui, Hawaii, Lanai and Molokai. For nearly 120 years, Hawaiian Electric has provided the electricity that has powered the islands' progress through its history; first as a kingdom, then a U.S. territory and since 1959 as the 50th state.