



Hawaiian Electric Company

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Hawaiian Electric issues draft request for proposals for at least 200 megawatts of renewable energy projects for Oahu

(Honolulu, Hawaii) Hawaiian Electric Company today submitted to the Hawaii Public Utilities Commission a draft Request for Proposals (RFP) for at least 200 megawatts (MW) of renewable energy projects. The draft RFP, which is targeted to be finalized and issued by March 31, 2012, proposes the parameters for projects to deliver renewable energy to the Oahu grid no later than December 31, 2018.

In accordance with PUC requirements, the RFP is open to any commercially viable renewable technology that can generate electricity on Oahu or on another island from where energy can reasonably be transmitted to Oahu via an undersea cable system.

Since different renewable technologies have varying capacity (i.e., availability) factors, Hawaiian Electric is seeking a total of 600 to 800 gigawatt-hours annually. This equals 8% to 11% of the total annual electricity usage on Oahu.

"We must get Hawaii off oil and, with our larger population and limited renewable resources, Oahu faces the biggest challenge," said Robbie Alm, Hawaiian Electric executive vice president. "Recent price spikes and continued turmoil in oil-producing regions are reminders that we have to cut our dependence on oil as quickly and completely as possible.

"We have a legal requirement of 40 percent of electric sales from renewable sources by 2030, but our goal is to do all of that and more as soon as possible to help stabilize and lower our customers' energy costs, increase energy security and protect our environment. We are open to the most diverse possible mix of renewable technologies."

For off-Oahu renewable energy to be delivered to the Oahu grid, Hawaiian Electric is also seeking proposals for an inter-island transmission cable system, interconnection facilities and other power transmission infrastructure.

According to the draft, bidders may submit proposals for an independent undersea cable system or an undersea cable system together with renewable energy generation. To provide the basis for evaluating all proposals on a competitive basis, any proposal for renewable energy to be generated off Oahu must include or be partnered with a proposed undersea cable system.

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The cable transmission capacity also would serve the proposed Lanai wind farm being developed by Castle & Cooke. Hawaiian Electric and Castle & Cooke have reached a preliminary agreement for the Lanai wind farm but a power purchase agreement must still be negotiated and submitted to the PUC for review and approval.

The 200 MW draft renewable RFP will now be reviewed by the PUC, the state consumer advocate, prospective bidders, and other parties wishing to comment. The PUC is expected to appoint an independent observer to oversee the competitive bidding process.

Prospective bidders are asked to submit a notice of intent by November 4, 2011 to participate in a review of the RFP. Hawaiian Electric aims to issue a final RFP by March 2012 with proposals due four months later. Proposals will be evaluated using price and non-price factors, including site status, community support, engineering design and technical viability, a financing plan, the experience of the bidder and strategies to reduce project risk, among others.

The goal is to determine a short list by October 2012 so Hawaiian Electric can perform technical evaluations, including system impact and interconnection studies, on the finalist proposals. The final selection of projects would take place in 2013, leading to negotiation of power purchase and transmission agreements. These agreements would be sent to the PUC for review and approval, with input from the state Consumer Advocate.

Also to be evaluated are impacts to the Hawaiian Electric system, adherence to performance requirements and ability to be in commercial operation no later than December 31, 2018.

In addition to the draft renewable energy RFP filed today, Hawaiian Electric is developing a separate draft request for proposals to be issued in the near future for up to 300 MW of firm, dispatchable renewable generation capacity for Oahu.

The complete draft RFP will be viewable at <http://generationbidding.heco.com>.

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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.