



Hawaiian Electric Company

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Hawaiian Electric Company Issues RFP to Find Supplier of Biofuel – Ethanol or Biodiesel – to Fuel Planned New Oahu Generating Unit

Honolulu, HI -- Hawaiian Electric Company has issued a request for proposals (RFP) to find a supplier of biofuel -- ethanol or biodiesel – for use in HECO’s planned 110-megawatt Campbell Industrial Park Generation Station.

In a recent agreement reached with the Hawaii Division of Consumer Advocacy, HECO committed to use 100 percent biofuel in the new unit, subject to approval from the Hawaii Public Utilities Commission (PUC) and obtaining the necessary air permit from the State of Hawaii Department of Health.

Companies prepared to enter a multi-year agreement to supply and regularly deliver biodiesel or ethanol for the new unit have until February 15, 2007 to submit a proposal. If approved by the PUC, the new generating unit is scheduled to be in service by mid-2009.

The new plant was designed from the start to be “fuel flexible,” that is, able to use a variety of fossil and renewable fuels. In keeping with the State’s strong desire to increase Hawaii’s renewable energy use, and with similar support from the Mayor of Honolulu, HECO committed to use 100 percent biofuel.

“As far as we know, there is not another utility combustion turbine electricity generator using or planning to use biofuels in the United States, and probably the world,” said Tom Joaquin, HECO senior vice president of operations.

“This plant is thus a win-win for Hawaii, providing firm, reliable electricity we can call on 24 hours a day, and doing so with a generating unit that uses 100 percent renewable fuel, reducing our use of imported fossil fuel.

“This RFP will enable HECO to evaluate potential biofuel suppliers and ultimately select and contract with a supplier. Our preference is for biofuel made from Hawaii-grown feedstock, but we are open to biofuel produced elsewhere as well,” Joaquin said.

HECO’s selection between ethanol and biodiesel and selection of a supplier will be

based on many factors, including price, value, timeliness of supply, technical considerations, security of supply, terms and conditions of supply, and supplier experience and demonstrated ability to perform, delivery means and methods and product quality. HECO estimates that operating the unit on 100% biofuel will normally require between 5 million and 12 million gallons, with a maximum of up to 20 million gallons per year.

HECO must submit the proposed bio fuel contract for the purchase of any biofuel to the state Public Utilities Commission for comment by the Division of Consumer Advocacy and approval by the PUC.

At present, small quantities of bio-diesel, produced by a local firm from recycled restaurant oil, is used in B20 (20 percent biodiesel) in some diesel vehicles, including the diesel fleet of HECO, Maui Electric Company, and Hawaii Electric Light Company. MECO uses biodiesel in starting and shutting down one of its diesel generators.

There has been considerable activity lately on the potential for developing agricultural energy in Hawaii. It includes, among others, a high level meeting hosted by Governor Linda Lingle, a "grass-roots" Hawaii Biofuels Workshop sponsored by the Agricultural Leadership Foundation of Hawaii, HECO and others.

The Hawaii Energy Policy Forum and State Department of Business, Economic Development and Tourism are working on a report to the Hawaii Legislature entitled "Biomass and Biofuels-to-Power," prepared by the Rocky Mountain Institute, a leading energy think tank.

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