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Hawaiian Electric selects Hawai'i BioEnergy to supply sustainable local biofuel for Kahe Power Plant

(Honolulu, Hawaii) Hawaiian Electric Company and Hawai'i BioEnergy, LLC have agreed on a contract for a supply of 10 million gallons per year of locally grown and processed biofuel for power generation at Hawaiian Electric's Kahe Generating Station. The contract now goes to the Hawaii Public Utilities Commission (PUC) for review with input from the State Consumer Advocate.

Dedicated sustainable energy crops for the renewable fuel will be grown on the island of Kauai, on largely fallow and underutilized Grove Farm land. The crops will be processed into biofuel on Kauai for shipment to Oahu.

The 20-year contract offers a stable pricing structure not linked to the volatile price of petroleum fuel. It calls for a one million gallon test batch to be delivered within 48 months of PUC approval of the contract. Delivery of the 10-million gallon annual supply is to begin within 60 months of PUC contract approval.

"We hope to give a tremendous boost to local agriculture on Kauai while increasing the energy produced from renewable sources in Hawaii and reducing our heavy dependence on imported fossil fuels," said Joel Matsunaga, executive vice president and chief operating officer of Hawai'i BioEnergy.

"Use of locally grown feedstocks for biofuel production will improve Hawaii's energy sustainability and security while creating jobs in our communities. Further, our approach to agriculture is not only to improve Hawaii's energy independence but also strengthen food security through production of feed, fertilizers and other co-products."

This is the third contract to result from an earlier request for proposals for locally grown and processed biofuels issued by Hawaiian Electric.

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“This is another step in establishing a local biofuel market, providing landowners with the assurance they need to commit to growing energy crops,” said Robbie Alm, Hawaiian Electric Company executive vice president. “We are pleased to be partnering with a consortium of well-respected companies that includes long-established local landowners.

“Switching from fossil fuels to green fuels in our existing generators is one part of our effort to develop a broad range of clean energy resources,” Alm said.

The anticipated annual 10 million gallons will represent more than four percent of Kahe power plant’s annual fuel use. Hawaiian Electric recently successfully tested blends of biofuel and low sulfur fuel oil at the Kahe plant, the largest on Oahu with a total capacity of 650 megawatts.

Hawai'i BioEnergy has conducted extensive research to assess viable and sustainable biofuel feedstocks and processing technology. The site of the processing facility is being finalized. Liquid biofuel will be created by an established process using high temperature in the absence of oxygen to cause thermo-chemical decomposition of organic matter.

The biofuel supplied by Hawai'i BioEnergy will comply with sustainable sourcing standards developed by the Hawaiian Electric companies in partnership with the Natural Resources Defense Council.

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Hawai'i BioEnergy (HBE) is a consortium established by three of Hawaii's largest landowners: Kamehameha Schools, Grove Farm Company Inc., and Maui Land & Pineapple Company, Inc. with venture capital partnerships including Vinod Khosla, Ulupono Initiative and Finistere Ventures.

Hawaiian Electric Company and its subsidiaries, Maui Electric Company and Hawaii Electric Light Company, serve more than 400,000 customers on the islands of Oahu, Hawaii, Maui, Lanai and Molokai, home to 95% of Hawaii’s people. Hawaiian Electric is a subsidiary of Hawaiian Electric Industries (NYSE: HE). For more information, visit www.heco.com.