



**Hawaiian
Electric**

NEWS RELEASE

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Hawaiian Electric statement on motion seeking approval of Kapolei Energy Storage with fewer restrictions

HONOLULU, May 11, 2021 – Hawaiian Electric issued the following statement on its filing of a motion for reconsideration with the Public Utilities Commission (PUC) on the Kapolei Energy Storage (KES) project:

Hawaiian Electric is asking the PUC to approve the KES project but without the operational and financial conditions it imposed in its April 29, 2021, decision and order (No. 37754). The company has demonstrated that KES would help lower customers' bills, reduce greenhouse gas emissions and ensure the energy security and reliability of the O'ahu grid. Without modifications to the PUC order, it will be nearly impossible for the project to move forward.

Hawaiian Electric recognizes the PUC's important oversight role and seeks to address its concerns through respectful collaboration. The company believes it can meet some of the nine conditions imposed by regulators. It is requesting the PUC to promptly issue a modified decision to enable the developer of the project, Plus Power, to bring the battery online in the summer of 2022, a schedule that has already been delayed by the uncertainty of approvals. The battery system is intended to help replace the AES coal plant, which will shut down in September 2022.

Key points of the company's motion include:

- The project should be approved promptly and without the problematic conditions imposed because it is a cost-effective alternative to the coal plant that will lower residential customers' bills.
- KES was selected in a procurement effort overseen by the PUC, the Consumer Advocate and an independent observer appointed by the PUC.
- KES is part of a portfolio of proposed resources that work in concert to provide sufficient reliability and energy security on an isolated island grid that does not have the same reserves available as interconnected grids on the mainland.
- Hawaiian Electric has conducted extensive planning for O'ahu's energy resource needs since 2011 under the oversight of the PUC, including plans for the retirement of the coal plant and the addition of new renewable generation resources.
- Technical restrictions on how the battery can be used are impractical, will significantly diminish its usefulness and will cost customers money.

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- Financial penalties are not appropriate given the extensive record of the company's planning efforts over the past decade.
- Requirements to retire additional fossil fuel generating units beyond the AES coal plant need to be thoughtfully planned for to ensure energy security and a smooth transition.
- Many of the conditions of the decision and order should be removed from the KES decision and can be considered in other PUC dockets.
- Without modification, the KES decision will send a "chilling message" to developers about the renewable energy and storage market in Hawai'i.

"All of us are aiming for the same goal, to get Hawai'i off imported fossil fuels and to decarbonize our energy system," said Scott Seu, president and CEO of Hawaiian Electric. "Most of the time we're in alignment with our regulators' direction and we don't take this action lightly, but this is one of the infrequent times we disagree on tactics. We're offering to be flexible and we hope the commission will make some adjustments that enable us to keep moving us toward our decarbonized future."

The filing also describes benefits the KES project would provide to customers and the grid, including:

- The project is a simple, cost-effective alternative to the coal plant
- The project site is an industrial area with straightforward interconnection, and no concerns regarding permitting or the surrounding community
- The project will lower the typical residential customer's utility bills
- The project will displace 277 million gallons of oil over 20 years
- The project will reduce customers' exposure to fuel price volatility
- The project will reduce greenhouse gas emissions
- The project will enable interconnection of additional renewable energy resources without batteries, both grid-scale and customer-sited
- The project will contribute to grid stabilization, grid resilience, and grid flexibility

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