



September 15, 2009

David G. Waller
Vice President
Customer Service

Ms. Debbie Hammel
Senior Resource Specialist
Natural Resources Defense Council
111 Sutter St., 20th Floor
San Francisco, CA 94101

Re: Environmental Policy for HECO's Procurement of Biodiesel from Palm Oil and Locally Grown Feedstocks

Dear Ms. Hammel:

This letter is to confirm our discussion and review of how certain waste related biodiesel feedstock would be treated given the Environmental Policy for HECO's Procurement of Biodiesel from Palm Oil and Locally Grown Feedstocks (Policy).

Our joint understanding is that yellow grease and animal fat waste products (including tallow, white grease, brown grease and chicken fat) as a source of biodiesel feedstock fall outside of the scope of the Policy which deals explicitly with purpose grown feedstocks, and therefore an amendment to the Policy is not required. Furthermore, while we have not carried out a specific analysis of the supplier in question, conversion of yellow grease (a post-consumer waste product) and animal fat feedstock (a pre-consumer waste product) to biodiesel generally represents a positive environmental approach for manufacture of biodiesel as they are both waste products from existing commercial or industrial operations.

Thank you for your continued support of our effort to seek an energy future that includes biodiesel as a substitute for petroleum diesel.

Sincerely,

Acknowledged and Agreed:

Debbie Hammel

9/15/09
Date