



## LIFE OF THE LAND

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May 13, 2011

Hawaii Public Utilities Commission  
Kekuanaoa Building  
465 South King Street, 1st Floor  
Honolulu, HI 96813

Re: Docket 2009-0162

Aloha Commissioners,

With its May 9, 2011, submission in the above docket, Hawaiian Electric Company ("HECO") is seeking \$3.9 million from ratepayers. HECO wants to reimburse itself for money it spent on outside contractor studies to support a self-serving position it had embraced well before the studies were begun.

In essence, HECO is requesting that the Public Utilities Commission ("Commission") endorse HECO's position that there are no alternatives to Big Wind -- before the Environmental Impact Statement process has been completed, before the Commission has opened a docket to consider whether Big Wind is reasonable, and outside of the Integrated Resource Planning (IRP) process which the Commission enacted in the early 1990s to provide an interface between energy stakeholders and electric utilities.

HECO filed five public documents (1,334 pages) and four confidential documents (943 pages) in Docket 2009-0162, a docket that was closed well over a year ago, on December 11, 2009. HECO's filing states: "*The results of the analysis indicate that Hawaii's interisland 'Big Wind' resource is a reasonable and cost competitive alternative relative to other renewable resources that could be used to meet the required RPS goals,*" despite the fact that the

Commission previously ruled that such a conclusion is not the purpose of this docket.

On July 29, 2009, Life of the Land filed a timely Motion to Intervene in Docket 2009-0162 pointing out the weakness in HECO's premature, wholesale adoption of a single resource (industrial scale wind) : *"[a]s a result of its cost and the size of the renewable systems being planned, it will displace other alternatives that might achieve the same thing, with different technologies, different costs, and with different winners and losers. This is known as opportunity cost (the cost of passing up the next best choice when making a decision)."*

HECO's responding objection to LOL's Motion, filed on August 5, 2009, relied upon the following position: *"The crux of LOL's argument for intervention, by contrast, relates to the selection of alternatives to wind power projects, and is thus **beyond the scope of the approvals being sought in this docket.**"*

The Commission parroted HECO's argument in denying LOL's Motion on September 2, 2009: *"Because this proceeding is limited to the determination of the recovery of costs for the Big Wind Implementation Studies, LOL's request for an opportunity to 'provide meaningful input on whether the [Big Wind] project makes sense or not []' is premature and not specifically relevant to the resolution of this Application. Based on these reasons, the commission concludes that LOL's participation as an intervenor would unreasonably broaden the specific issues presented in this proceeding."*

The Commission subsequently approved a modified Stipulated Procedural Order on September 23, 2009: "Upon review, the commission notes that the proposed issues **presume** that the Big Wind Projects and associated costs are reasonable and in the public interest. As the commission has not, nor will it be making, a determination in this proceeding on the reasonableness of the Big Wind Projects, it will modify the issues accordingly" (emphasis supplied).

However, on December 11, 2009, the Commission appeared to make a decision that did in fact endorse the Big Wind concept, in Docket 2009-0327: "In particular, the commission finds that granting a waiver for the Big Wind bids is essential to meet a stated governmental objective, and is otherwise in the public interest."

It is most disturbing to find that the data that purports to support HECO's statement that the interisland *"Big Wind' resource is a reasonable and cost competitive alternative relative to other renewable resources"* is hidden, placed under protective Order.

The typical approach to redaction is for the public copy to have blacked out words, phrases and paragraphs that are available in the non-redacted, non-public version. HECO's filing, to the contrary, omits entire pages and exhibits and no description is provided that even hints at what the deleted pages and chapters might be relevant to, or contain. Major portions of cultural, flora and fauna sections are inexplicably redacted or missing altogether.

For example, Exhibit 18 examines a proposed East Shore (Marine Base) interconnection. Cultural Surveys Hawai'i conducted a cultural impacts study, but over forty pages of the exhibit (pages 205 to 249) are redacted.

Exhibit 20, which examines the South Shore (Archer or Kamoku) interconnection, contains several documents that are extensively redacted: Reginald E. David's Avian and Mammalian Due Diligence Review (redacted pages 145-52); Steven Montgomery's terrestrial invertebrate resources (pages 170-77 are redacted); AECOM's Marine Resources (pages 198-204 are redacted); and Cultural Surveys Hawai'i, Inc.'s Cultural Impact Analysis (redacted pages 231-338).

The significant omission of so much critical data renders HECO's Alternatives Analysis self-serving and hardly credible: *"Hawaiian Electric must target technologies that are commercially available, are capable of being developed within a reasonably near term, are available on a large-scale, and have no fuel cost"* (Volume 1, page 9).

*"Having no fuel costs"* excludes biofuels. *"Available on a large scale"* excludes distributed generation and the use of rooftops. *"Commercially available"* excludes technologies that are expected to be available by 2020, including batteries, wave energy, and ocean thermal energy conversion (ironically listed in the Energy Agreement signed by HECO and the State on October 20, 2008 as being deployed in Hawai'i by 2015).

The Council on Environmental Quality (CEQ), which oversees the federal Environmental Impact Statement process as mandated by the National Environmental Policy Act (NEPA), issued this statement in its "Top 40 Questions" regarding NEPA: "In determining the scope of alternatives to be considered, the emphasis is on what is 'reasonable' rather than on whether the proponent or applicant likes or is itself capable of carrying out a particular alternative." LOL suggests that a hard look means examining alternatives, rather than eliminating them by artificially imposing assumptions which are imposed solely to avoid examining alternatives. In this case, HECO has eliminated options by purposefully narrowing the question.

The last public exhibit in HECO's filing (Exhibit 21, volume 5) is on the economics of wind. In comparing wind to solar, HECO makes several questionable assumptions. First, that solar must be central station, not

rooftop, that “\$300M [will be required] for on island interconnection.” The exhibit assumes that the installed cost of solar is \$7.1M/MW, and a single parcel of 3,360 acres will be needed (5 square miles). “A facility of this size would be roughly equal in acreage to 32 football stadiums the size of Aloha Stadium (approximately 104 acres), and larger than the entire Kaneohe Marine Corps Base Hawaii (approximately 2,951 acres)” (Exhibit 21, page 3).

Our preliminary conversations with the renewable energy industry lead us to question the credibility of the above financial costs presented by the utility. How relevant is a scenario analysis without consideration of externalities and potential costs of community benefit packages? Is the cost of wind understated while the cost of solar overstated? How were the capacity factors chosen? Distributed Generation Photovoltaic (“DG PV”) shade systems, such as PV parking lot shades, and ground mounted PV systems, could provide significant opportunities for PV growth. Wouldn't commercial and industrial customers have significant opportunities to install tens, if not hundreds of kW on each site, if ground mounted systems are also considered?

Life of the Land (LOL) suggests that the Commission should treat HECO's belated May 9<sup>th</sup> filing in a manner consistent with the way the Commission has treated other filings. For example, on May 9, 2009, the same date of the HECO filing, the Commission sent a letter to Isaac Hall, Esq., attorney for Friends of Lanai, responding to Friends of Lanai's Motion to Intervene in Docket 2009-0327, that noted: a “*motion in this regard would be untimely, as the 2009-0327 docket is closed.*”

We look forward to appearing before the Commission if and when HECO submits this project for formal review and seeks regulatory approvals.

In the meantime, attempts to recover \$3.9 million in costs incurred by studies no one can read, is unconscionable.

Mahalo

Henry Q Curtis  
Vice President