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July 11, 2013

Jay Ignacio, PE, President
Hawaii Electric Light Company, Inc
1200 Kilauea Avenue
Hilo, HI 96720

Re: Geothermal RFP

Aloha Mr. Ignacio:

This letter sets forth our position that HELCO's February 28, 2013, geothermal request for proposals (RFP) should be stopped. There are several reasons for this position.

1. The Puna community opposes further geothermal expansion at this time. The opposition in Puna is also well organized. We want a voice in the process. Why not sit down with us and try to find common ground? We may find we are able to work together.

Past development of geothermal resources at both the HGP-A and Puna Geothermal Venture (PGV) sites has made Pohoiki a focus for further development despite strong and consistent opposition to such plans from residents of Pohoiki communities. Pohoiki has grown a lot since PGV and HGP-A. It has become the most popular gathering spot in Puna. Pohoiki is where we take our families – where we fish and dive, swim, surf, and relax, our only safe ocean access in the whole district. There is a school, a brand new park, and the community is working for more improvements as well.

Geothermal development is an incompatible land use. The well known historic problems with siting these power plants in pre-existing communities have not been remedied and are in fact more of a problem now than ever before, as the population has grown dramatically.

2. People are leaving the grid. This will accelerate the exodus in our opinion. There are alternatives to HELCO that never existed before, particularly solar technology with the new fuel cells and batteries that have passed the tipping point on this island. Solar prices continue to drop because of a technological and manufacturing race around the planet. Geothermal can not compete with a technology that is approaching Moore's Law in it's rate of advances.

Geothermal is heavily subsidized right now, but will government support be sustained under accelerating economic strain?

Independent Solar power is already cheaper than HELCO power. Loan programs to help with up front cost are growing and becoming available to many more people. That, in combination with solar system prices that are dropping steadily, continues to make solar power more attractive to ratepayers. In our opinion if HELCO does not support what people/customers want in your business model they will simply do without you. That can and is being done now as times and options continue to change. The customer is always right and will vote with his wallet.

HELCO has had a monopoly for a very long time, but with independent system competition things are changing, and HELCO needs to adapt to these changes. Centralized power production is an antiquated business model that has outlived its value. However, I believe you understand that the future is distributed and decentralized power - not huge power plants that require massive distribution infrastructure, and that impose environmental, health, safety, or social impacts in the communities where they are built.

3. The Integrated Resource Planning (IRP) process

Another reason is that your company, as required by the Public Utilities Commission (PUC), is engaged in the Integrated Resource Planning (IRP) process to develop resource plans and scenarios for possible energy futures over a twenty year time horizon. The IRP process first established in 1992 was revised, starting in 2009, and a PUC order in March of 2011 revised the IRP framework to govern energy resource planning.

On March 1, 2012, the PUC initiated the new IRP process under the revised framework. HELCO then engaged in the new IRP planning process that will be completed this year. One factor HELCO has included in its IRP process is “allowing geothermal resources as an option for developing Resource Plans on Hawaii Island.”

On June 4, 2013, you gave a presentation about the IRP process at a meeting intended to obtain public comment on HELCO’s draft plans to meet future energy needs. During the June 4th session I noted public comment seemed to be irrelevant or untimely with regard to HELCO's Geothermal RFP which had already been issued and answered before the meeting. You said:

“Mr. Petricci, when you say that comment at this point doesn’t matter because they’re already in a geothermal action, in my opinion it does matter ... I want you to have a feeling that your comments count, so if you say you don’t think geothermal is one of the actions that we should pursue then we should take that into consideration ... We’re looking for that kind of input but if you go through here I think one of our actions is to continue with the geothermal RFP. Your comments your input your feedback to us ... should be that you don’t think that’s a good option and that’s a valid comment that we should take into consideration.”

We are taking you at your word and hoping you will take our position into consideration. There seems to be no sense in engaging in a planning process that includes geothermal resources as one option among many while at the same time proceeding with a contracting process to have

new geothermal generating capacity developed before the planning effort is completed. While an appropriate IRP may conclude geothermal should be included in the mix of electric sources, it is not appropriate to include geothermal in that mix before the IRP is completed.

Putting the cart before the horse in that manner may not entirely exclude other renewable energy resources such as solar, hydro, biomass, biofuels and wind from being in the portfolio of renewable resources resulting from the IRP process, but it certainly diminishes the need for other resources to the extent of the 50 mw that will already be put in place by the RFP. In our opinion, that 50 mw is likely to be better provided by other resources, but also in our opinion by jumping the gun you are forcing that 50 mw of geothermal into place without a legitimate rational basis.

4. Further, recent events at the PGV site (not to mention the history of the PGV and HGP-A installations) have demonstrated an on-going and serious basis for community concern over geothermal health and safety issues. The County has contracted for a study to review PGV health impacts and recommend steps to be taken to study those impacts on a medical and scientific basis. We believe there are health and safety issues with siting these plants in residential areas. Did you even consider the implications for HELCO if the study finds negative health effects? What about delays due to permitting opposition and or litigation? We know you are not unaware of those issues, having been kind enough to come out to our meeting at the Akebono Theater after the March 13th incident at PGV, and our presence at the IRP meeting in Hilo. What are the potential impacts to HELCO rates, customers, and share holders of protracted battles with residents who oppose the RFP and the proposed power plants?

Robert Petricci, President
Puna Pono Alliance