



Hawaiian Electric
Company, Inc.

Interisland Wind

**Hawaii Energy Policy Forum
January 14, 2011**

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Hawaiian Electric Company





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Clean Energy Commitment

WORKING TOGETHER, WE CAN SWITCH FROM IMPORTED OIL TO HOME-GROWN BIOFUELS.

HOW DO WE DO IT?
BY EMBRACING HAWAII'S RICH AGRICULTURAL HERITAGE

A CLEAN ENERGY ECONOMY FOR HAWAII.

What is clean energy?
It means using energy more efficiently and generating more energy from renewable local resources, like wind, sun, ocean, geothermal, biomass and plants for biofuels.

What will clean energy mean for our economy?
Making investments to become more efficient and to harness local resources will reduce our dependence on imported oil. Investing in our natural resources will also create local jobs in many energy-related industries. This is good for our energy security, our economy and our environment.

What is the bottom line?
There are costs, but investing in our energy future will keep millions and perhaps billions of dollars at home in Hawaii. The cost of oil remains volatile and will trend upward in the future. Increased energy efficiency and more local renewable energy will mean more stable and predictable energy prices in the long run.

What are the next steps?
The Hawaii Clean Energy Initiative details a far-reaching road map for Hawaii's energy future. To meet its goals, we must use more efficient transportation. And we must pursue a full range of renewable energy resources.

A CHALLENGING GOAL.
The Hawaii Clean Energy Initiative goal is to use 70% clean energy for transportation and electricity by 2030.



BY GREENING OUR FIELDS WITH...
WE CAN CREATE JOBS IN AGRICULTURE...
KEEP MORE MONEY AT...
PROTECT OUR ENVIRONMENT

WHAT YOU CAN DO TO
Advancing renewable energy requires the cooperation of all stakeholders. Let's work together to...
To learn more, visit www.hawaiienergyfuture.com

A CLEAN BREAK.

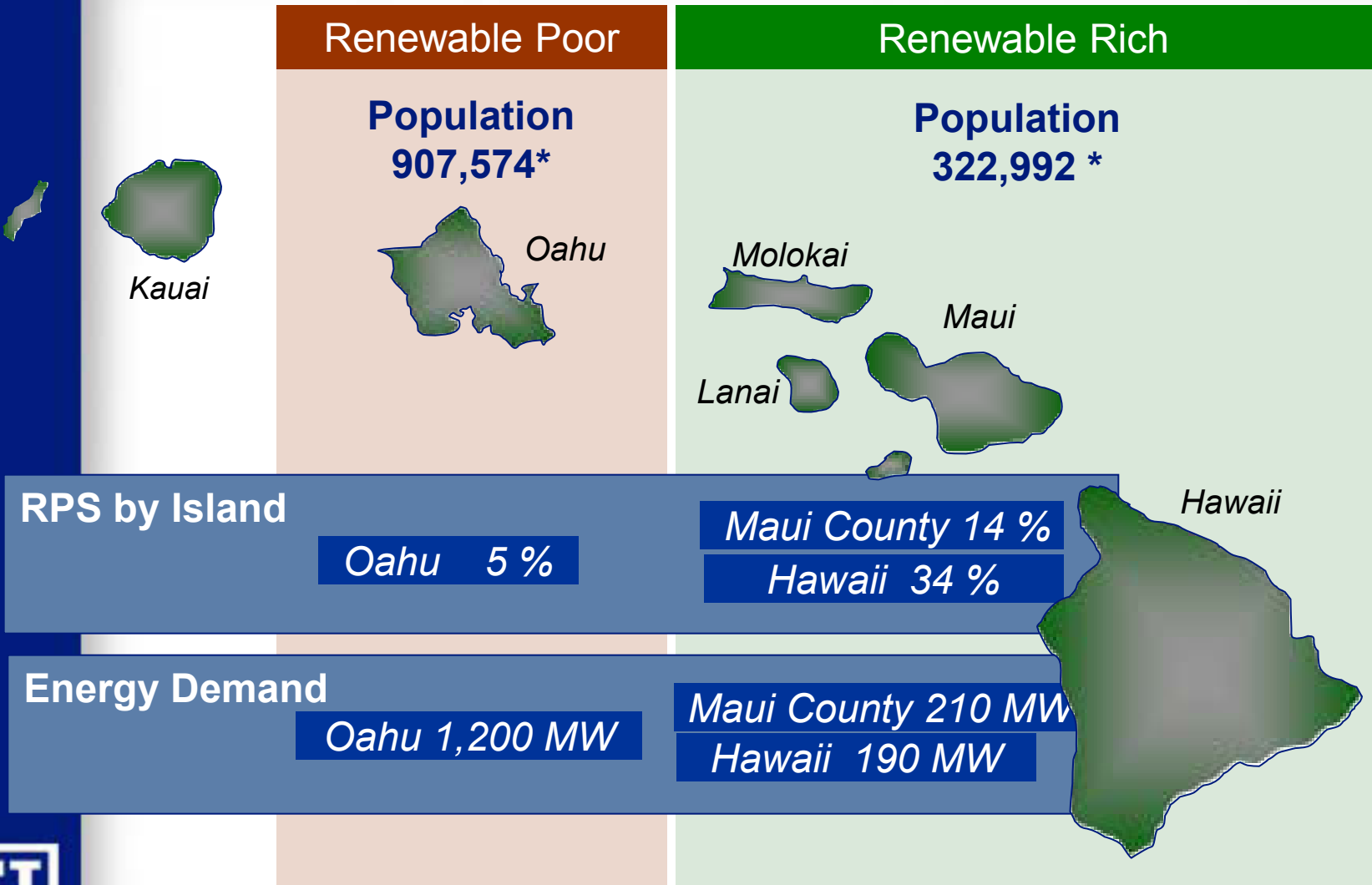
Billions of dollars leave Hawaii every year for oil we use for transportation and electricity. How can we break this costly habit? A Clean Energy Future. It's the right thing for Hawaii...at the right time. Find out more at hawaiienergyfuture.com.





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Oahu's Challenge



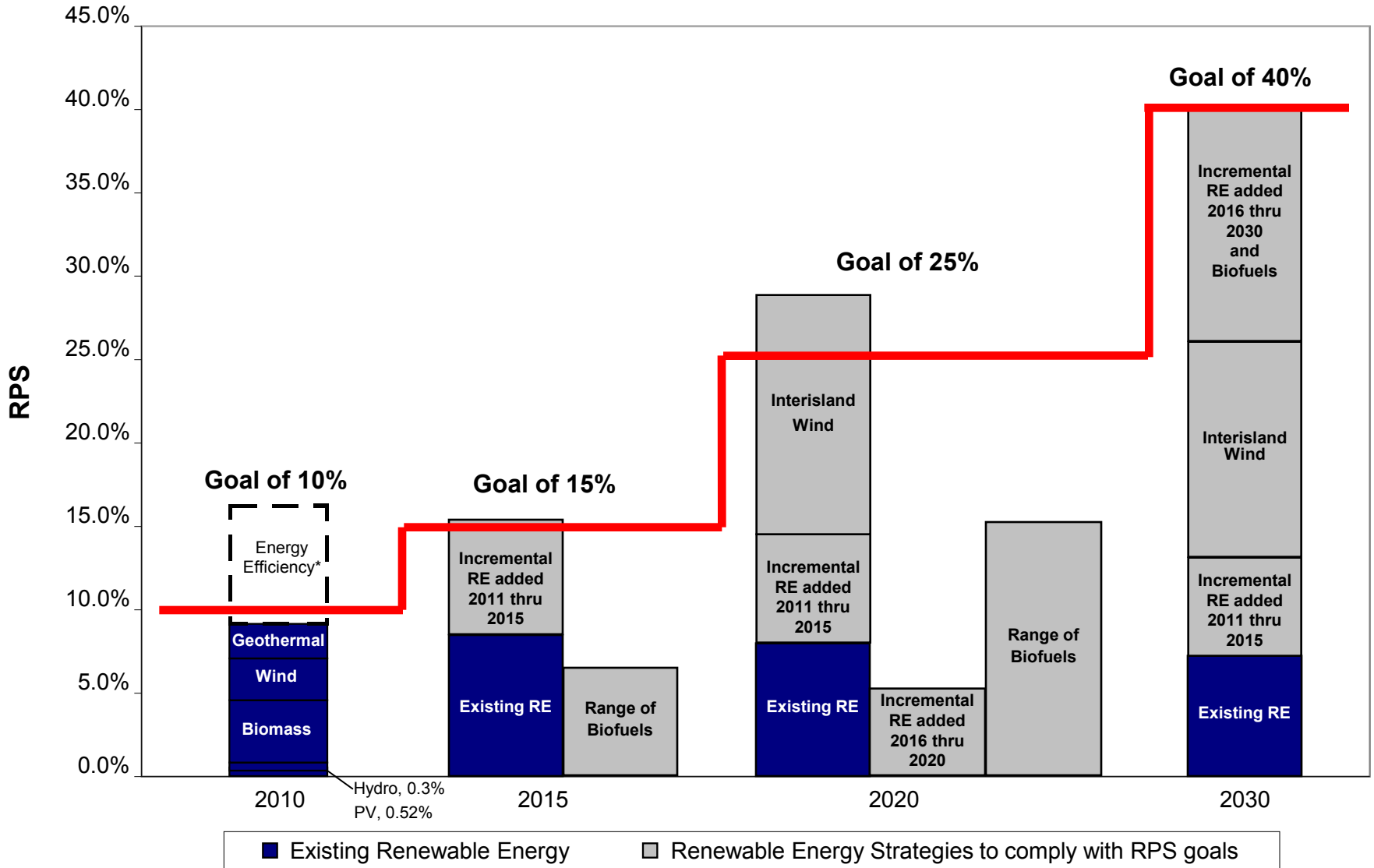
* U.S. Census estimate for 2009





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HECO Consolidated RPS Scenarios



* Counts towards RPS through 2014



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Interisland Wind Status

- Oahu Wind Integration Study work by Technical Review Committee (TRC) complete
 - ➔ Integration of 400 MW Interisland Wind is feasible without energy storage
- Nov. 18, 2010 PUC Decision re Bifurcation Agreement
 - ➔ Term sheets required by March 18, 2011
- January 3, 2011 Letter Agreement between Hawaiian Electric and Castle & Cooke
 - ➔ Target PPA pricing and community benefits





Lanai Energy Pricing

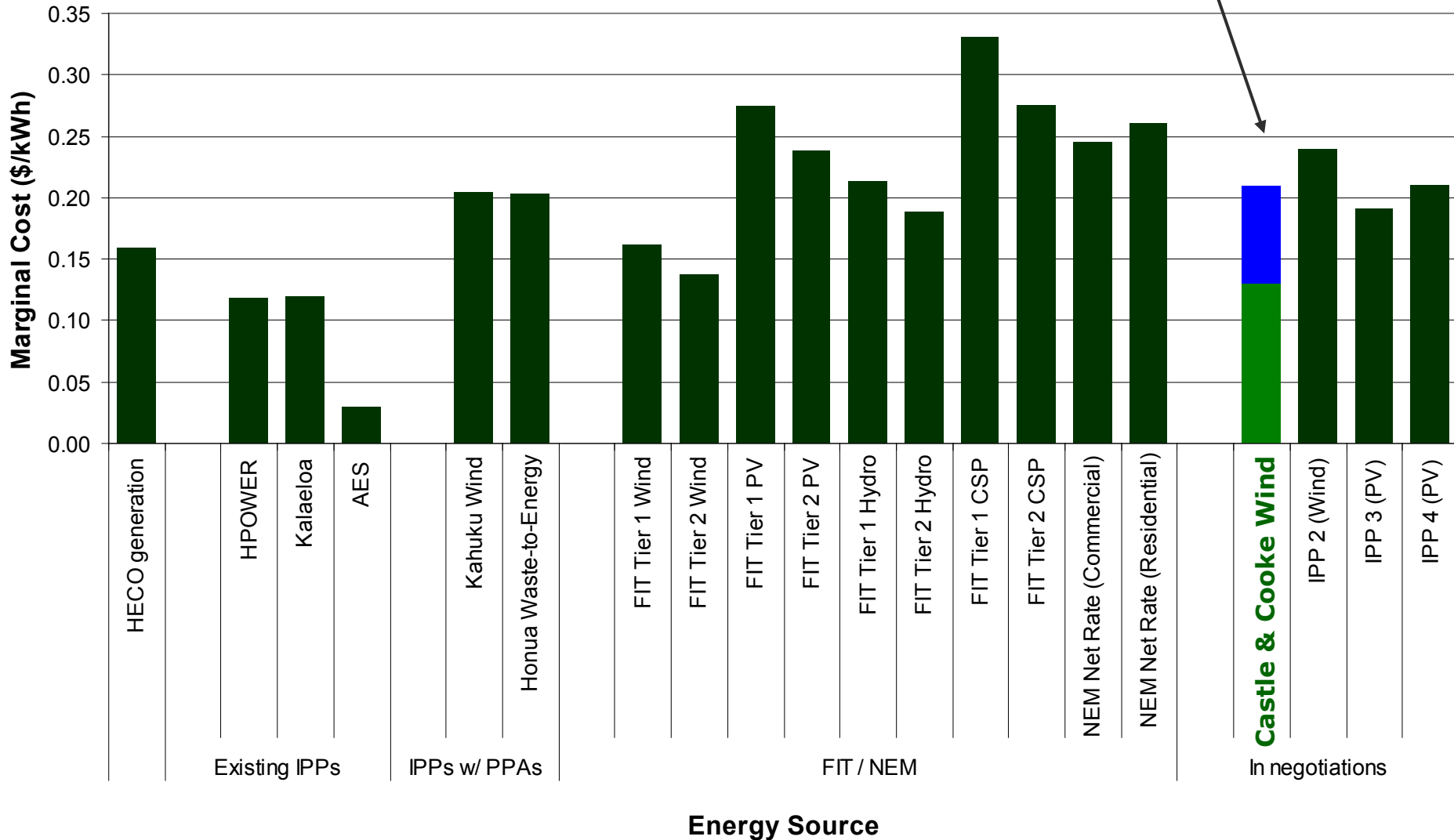
- Target cost of wind energy based on January 3, 2011 letter agreement between Hawaiian Electric and Castle & Cooke
 - 11 ¢/kWh for 400 MW Wind Farm
 - 13 ¢/kWh for 200 MW Wind Farm
- Total estimated cost of project
 - Approx. 20.98 ¢/kWh (levelized)
 - Wind Energy – 11 to 13 ¢/kWh
 - Oahu Infrastructure – 1.11 ¢/kWh
 - Cable – 6.87 ¢/kWh



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Oahu Energy Price Comparison

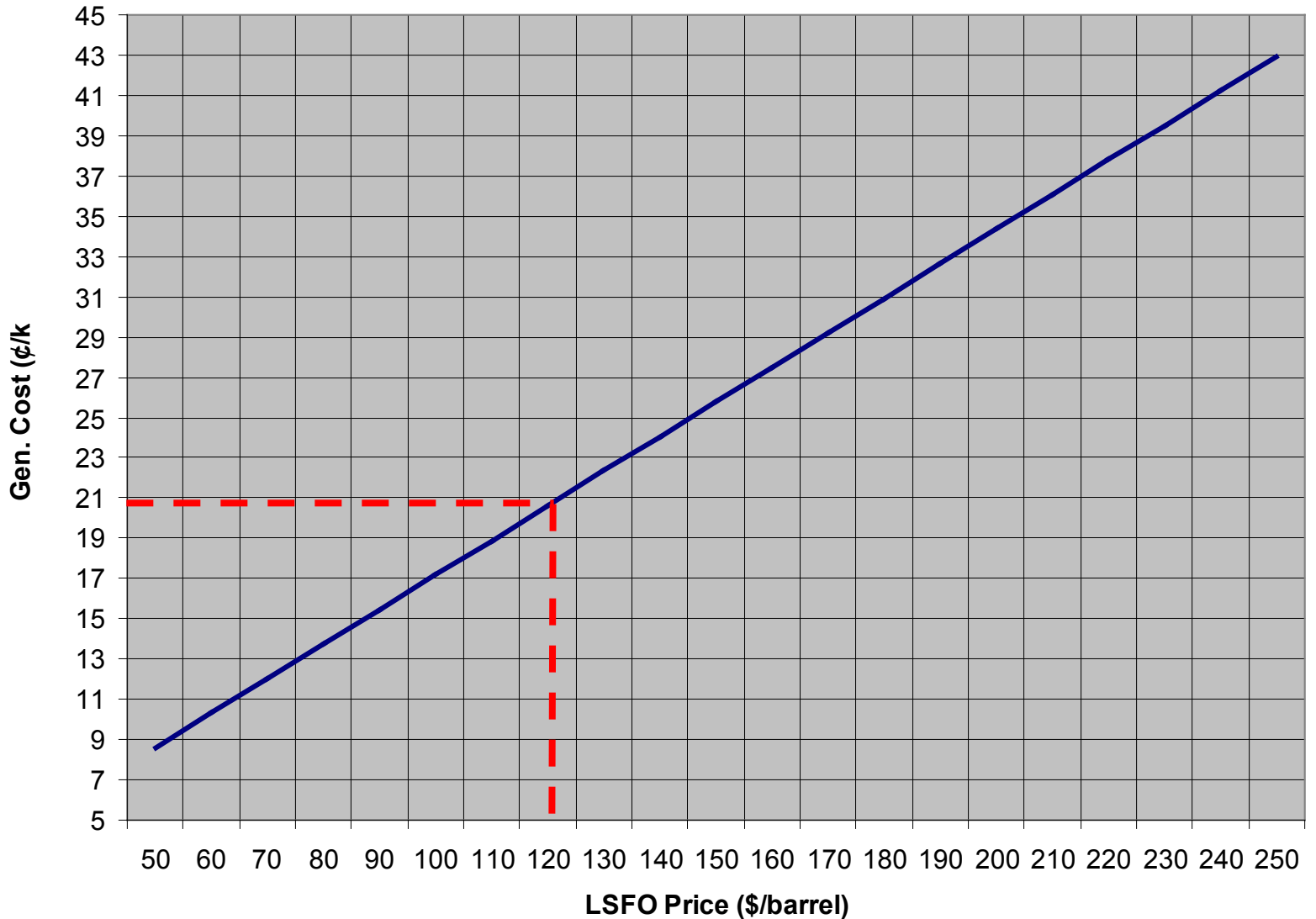
Oahu T&D Infrastructure & Undersea Cable





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LSFO Price vs. Electricity Generation Cost





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Community Benefits in PPA

- Very unusual case
- Process
- Other venues
- Hawaiian Electric/Maui Electric Commitments
 - Levelized rates to Oahu*
 - 100% RPS by 2020*
 - PV-related grid enhancements*
 - PAYS-like program*
 - Contribution to Lanai Community Fund
 - Youth program sponsorship
- Castle and Cooke Commitments





Castle & Cooke Commitments

- Establish Lanai Community Benefits Fund with proceeds of 1% of wind farm's gross revenues.
- Employment on Lanai maintained at no lower than Castle & Cooke employment today.
- Continued access to hunting areas and to coastal fishing in the Ka'a area.
- Residential, agricultural and commercial lessees to be able to buy their properties at fair market prices.
- Priority for qualified Lanai residents in construction jobs and contractors required to respect Lanai community standards in their behavior.
- Wind farm structures to be removed when no longer in service.
- Contractors required to protect Lanai archeological and cultural sites, monitored by Lanai residents when possible.
- 5,000 acres reserved for creating a viable biofuel crop on Lanai.
- \$250,000 a year for the term of PPA for preservation of Lanai Hale watershed.
- At least \$500,000 a year for the term of the PPA for capital improvements to Lanai water system and 250,000 gallons of water a day above current allocation to encourage diversified agriculture.



Summary

- Interisland wind would contribute significantly to meeting RPS targets, and is part of a broader renewable portfolio including solar, biomass, geothermal, biofuel, ocean energy, and other sources
- Interisland wind is cost effective
- Community benefits will be an integral part of the project scope