



EXECUTIVE CHAMBERS  
HONOLULU

DAVID Y. IGE  
GOVERNOR

August 17, 2022

**VIA ELECTRONIC MAIL**

The Honorable Kurt Fevella  
The Senate  
Thirty-First State Legislature  
State Capitol, Room 217  
Honolulu, Hawai'i 96813  
senfevella@capitol.hawaii.gov

Dear Senator Fevella:

Thank you for your August 11, 2022, letter regarding the closure of O'ahu's coal plant at the end of this month. I, too, am deeply concerned about increased electricity costs for O'ahu residents, especially when costs for other commodities have also risen. My administration is working closely with local stakeholders to implement renewable energy projects, encourage customer-sited generation and storage, and expand energy efficiency programs that will help to reduce electricity consumption and stabilize electricity rates for residents, businesses, and all grid users.

Unforeseen global events have dramatically increased oil costs while also delaying the development of the solar and storage projects intended to replace the coal plant. Supply chain disruptions caused by the pandemic and federal import actions are impacting all renewable energy projects in the United States. At the same time, Hawai'i has stopped importing oil from Russia, a significant source of Hawai'i's crude oil. The unpredictable global oil market underscores the importance of ending our dependency on fossil fuels, which we import primarily from other countries.

AES and Hawaiian Electric have been planning to retire the coal plant since the publication of Hawaiian Electric's *Power Supply Improvement Plan* in 2016. Winding down a facility such as this one requires a long lead time to properly transition employees, fulfill contractual obligations, and carefully manage feedstock (coal) inventory. Alternatives for continuing the use of the coal power plant were explored last year, including the potential to transition the plant to bioenergy, but no options to extend the plant using coal or other energy resources were deemed feasible. Furthermore, as

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you may be aware, the last shipment of coal to Hawai'i arrived on July 27, 2022, providing sufficient supply for the plant through August 2022. In addition, AES has been working to transition the plant's workforce and has already placed employees at other positions.

Finally, while the coal plant has been a very reliable source of electricity in the past, its condition has worsened. The plant experienced derates and higher forced outage rates towards the end of 2021 and beginning of 2022 due to fuel quality adversely impacting boiler tubes in 2019 and 2020 and thermal stress caused by increased cycling of the plant. A comprehensive refurbishment of the boilers would require the plant to be completely offline for several months.<sup>1</sup>

Recognizing the concerns about energy reliability and costs for O'ahu, I established the Powering Past Coal Task Force in March 2021 to facilitate the review and implementation of the projects and programs intended to replace the coal plant. This includes seven utility-scale solar and storage projects (plus two more projects recently approved by the Hawai'i Public Utilities Commission (PUC), bringing the total to nine projects), one standalone energy storage project in Kapolei, two community-based renewable energy solar projects, emergency programs to increase rooftop solar and battery installations, and expanded energy efficiency programs. These critical utility-scale projects will be energized in early 2023 and will partially offset the need for oil-fired generation. Additional large, renewable projects are planned through 2023 and 2024.

Along with these utility-scale projects, my administration is encouraging the installation of smaller rooftop solar and battery storage systems, which provide customer rate relief and support the grid during peak periods. Programs such as the Battery Bonus program, launched by Hawaiian Electric under the PUC's direction, and Hawai'i Energy's Power Move program immediately benefit ratepayers and businesses through cash incentives, bill credits, and reduced energy usage. In addition, these programs offset the amount of fossil fuel generation that must be utilized, particularly during peak evening hours, helping to reduce costs for all ratepayers.

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<sup>1</sup> AES Barbers Point Plant Overview of Operational Performance; Docket No. 2021-0024  
<https://dms.puc.hawaii.gov/dms/DocumentViewer?pid=A1001001A22A24B22940D01087>

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For the reasons outlined above, an emergency proclamation to suspend Act 23, Session Laws of Hawai'i 2020, would not resolve the issue. However, my administration is working tirelessly to incorporate replacement generation, provide customer benefit programs, and support our shared interest in protecting ratepayers. Thank you again for your attention to this important energy transition and I welcome your continued engagement on the issue.

With warmest regards,

A handwritten signature in black ink, reading "David Y. Ige". The signature is written in a cursive style with a large, sweeping flourish at the end.

David Y. Ige  
Governor, State of Hawai'i