



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

235 South Beretania Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone:
Web:

JOSH GREEN, M.D.
GOVERNOR

SYLVIA LUKE
LT. GOVERNOR

MARK B. GLICK
CHIEF ENERGY OFFICER

(808) 451-6648
energy.hawaii.gov

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Via email: blnr.testimony@hawaii.gov

State of Hawai'i, Board of Land and Natural Resources

Subject: Comments - KWP 1 One-Year Lease Holdover

Dear Chair Chang:

The Hawai'i State Energy Office (HSEO) offers the following comments on KWP's request for a one-year lease holdover. HSEO's comments are guided by HSEO's statutory purpose under H.R.S. §196-71 to promote energy efficiency, renewable energy, and clean transportation to help achieve a resilient clean economy. As an island community, currently dependent on imported fossil fuels for two-thirds of its electrical power, Hawai'i is particularly vulnerable to fuel and energy disruptions, unpredictable cost fluctuations, unintended fuel releases into marine environments, and multiple harmful impacts of climate change.

HSEO testifies to the importance of the project to the production of wind energy on Maui and the critical importance of the project for Maui's overall energy stability and resilience. Wind energy provided 16% of Maui's electricity in 2023.¹ Wind energy resources contribute to the renewable portfolio statutory (RPS) requirements for both the island and the state. The KWP 1 project will sustain the renewable energy capacity of the existing 30 MW facility contributing to Maui's total renewable portfolio of 35% as of 2023 and Maui's 2030 RPS target of 40%. HSEO is particularly concerned about maintaining resource adequacy on Maui and elsewhere in Hawaiian Electric's service territory due to the current reliance on aging infrastructure and generation assets that are beyond its useful life. The reliability and cost-effectiveness of wind energy, coupled with its ability to complement increasing energy demand and support the clean energy transition, underscores why immediate action is needed to sustain continued production of this critical renewable energy resource. KWP 1 helps advance the state's Renewable Portfolio Standard goals while minimizing environmental disruption.

The Public Utilities Commission's Adequacy of Supply report indicates that some shortfalls existed in Maui's reserve margins for 2024, highlighting the prudence of

¹ [Hawaiian Electric 2023 Renewable Portfolio Standard Status Report](#)

extending the lease. From 2025 to 2028 the margins should be sufficient *if* the anticipated additions from projects come online on schedule and if some of the current generation, such as KWP 1 remains. The Kahului power plant will be retiring at the end of 2027. There is expected to be some new generation, but continued generation, such as KWP 1, is essential to fill in for this lost power. Maalaea units are expected to function until 2029, although they may come offline sooner if maintenance is unavailable.² All of these factors indicate the need for the expected generation, both new and existing, to meet the island's energy demand.

Accordingly, HSEO strongly supports KWP's request for a one-year holdover lease pursuant to H.R.S. §171-40. Under this condition, HSEO finds the extension of the lease for the next year, under its existing PPA, critically important for meeting Hawai'i's energy demand and maintaining energy stability, especially as other Stage 3 projects are withdrawn. Further, if the Environmental Impact Statement is successfully completed with adequate mitigation strategies, HSEO will support a lease renewal for this project as well. While the new environmental review is conducted, a one-year holdover lease will allow KWP 1 to continue to provide an essential energy resource while continuing to develop for the Stage 3 process.

Finally, TerraForm has consistently demonstrated its role as a responsible and committed partner in advancing renewable energy in Hawai'i. The company has made significant efforts towards addressing the requirements of the Habitat Conservation Plan, showcasing its commitment to prioritizing environmental impact mitigation and its ability to follow through on projects, thus underlining their ability to perform on the next steps as the project moves forward. The willingness demonstrated to remain a constructive partner with the state speaks volumes about their ability to meet obligations under this short-term lease.

Thank you for the opportunity to comment. Please let us know if you have any questions.

Sincerely,



Mark B. Glick
Chief Energy Officer

Appendix: Basic Facts on KWP 1:

² [Public Utilities Commission | Adequacy of Supply \(AOS\)](#)

- KWP 1 was Maui's first wind farm³ and the first wind farm to be built by First Wind in Hawai'i.
 - o It was approved in – and has been in operations since – 2006⁴ near Mā'alaea.⁵
 - o KWP 1 is now owned by TerraForm Power.⁶
- KWP 1 was the first operating wind farm in the U.S. to complete and implement a Habitat Conservation Plan to address impacts to the Kaheawa areas endangered species.⁷
- At a 30 MW capacity,⁸ KWP generates enough power to power approximately 17,000 Maui homes/year.⁹
 - o Together with KWP 2 it powers approximately 25,000 Maui homes/year.¹⁰
- The project renewal proposed to the Hawaiian Electric Company (HECO) under its most recent renewable energy procurement includes no changes to existing layout, turbines, and site configuration.¹¹
 - o Further, there are no changes to the equipment used to generate electricity.¹²
 - o The proposed project would continue generating wind energy with the existing 20 GE 1.5 MW wind generating turbines and ancillary facilities.¹³
 - o Power generated would be sold to HECO under a new 20-year PPA to be approved by the Public Utilities Commission.¹⁴
- KWP 1 has provided, and would continue to provide, clean energy to Maui for prices lower than the cost of fossil fuel.¹⁵
 - o A closure of KWP would likely result in higher costs to Maui ratepayers within weeks, via the Energy Cost Recovery Charge approved by the Hawai'i Public Utilities Commission.
 - o KWP 1's price is to remain fixed over the contract term while oil prices fluctuate.¹⁶

³ [Kaheawa Wind 1](#)

⁴ [Kaheawa Wind 1](#)

⁵ [KaheawaWind1_ProjectSummary_Aug24.pdf](#)

⁶ [Hawaii Statewide Energy Project Directory](#)

⁷ [Hawaii Statewide Energy Project Directory](#)

⁸ [KaheawaWind1_ProjectSummary_Aug24.pdf](#)

⁹ [Kaheawa Wind 1](#)

¹⁰ [Kaheawa Wind 1](#)

¹¹ [KaheawaWind1_ProjectSummary_Aug24.pdf](#)

¹² [KaheawaWind1_ProjectSummary_Aug24.pdf](#)

¹³ [KaheawaWind1_ProjectSummary_Aug24.pdf](#)

¹⁴ [KaheawaWind1_ProjectSummary_Aug24.pdf](#)

¹⁵ [Kaheawa Wind 1](#)

¹⁶ [Kaheawa Wind 1](#)

- The average price in 2021 was \$0.1394/kilowatt-hour (on peak) and \$0.1307/kilowatt-hour (off peak) (average FY 2021 energy price based on energy purchased).¹⁷

¹⁷ [Hawaii Statewide Energy Project Directory](#)