



NEWS RELEASE

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Hawaiian Electric plans major energy storage projects

HONOLULU, May 2, 2018 – Hawaiian Electric Company, nationally recognized as a leader in energy storage, is planning two grid-scale energy storage projects to increase the reliability of the O’ahu electric grid, accept more renewable generation and further reduce fossil fuel use.

If the projects are approved by the Public Utilities Commission, the company plans to move ahead on these projects using lithium-ion technology:

- A 20-megawatt (MW) system to support the 20-MW West Loch Solar under construction at Joint Base Pearl Harbor-Hickam, West Loch Annex
- A 100-MW system at Hawaiian Electric’s Campbell Industrial Park Generating Station

“These projects will improve resilience and reliability while helping stabilize costs for our customers,” said Ron Cox, Hawaiian Electric senior vice president for operations. “As Hawaiian Electric progresses toward 100 percent renewable energy, these storage projects will reduce our fossil fuel use by enabling more solar and wind integration into the grid.”

West Loch

Hawaiian Electric plans to own and operate a 20-MW battery capable of storing 80 megawatt-hours of energy at a cost of \$43.5 million at the West Loch Naval Annex on land leased from the U.S. Navy for the West Loch solar project.

The company hopes to start construction by October 2019 with the system in service by February 2020. Because storage will be paired with the solar facility, it will be eligible for the Federal Investment Tax Credit that will save customers 30 percent of what the project would cost without the credit.

The battery will reduce the need for conventional, oil-fired generation during the evening peak and at night, reducing fossil fuel use and lowering carbon emissions.

To take advantage of the maximum Federal Investment Tax Credit to lower costs for customers, Hawaiian Electric is also accepting proposals for new grid-scale renewable generation that includes storage. The companies are seeking the largest amount of variable renewable resources ever developed at one time including 220 MW for O’ahu; 60 MW for the island of Maui and 20 MW for Hawai’i Island.

Campbell Industrial Park

The 100-MW/100-MWh battery energy storage system to be owned and operated by Hawaiian Electric at its Campbell Industrial Park Generating Station will be part of an envisioned group of large-scale energy storage to provide contingency and regulating reserve for the O’ahu grid.

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Hawaiian Electric hopes to start construction in October 2019 with the battery in service by October 2020 at an estimated cost of \$104 million.

Using the battery to provide reserves – or backup – in place of running conventional power plants will reduce fuel costs for customers so the project will ultimately pay for itself.

The CIP site was selected to minimize costs. This site has no additional land costs, requires minimal site preparation, has existing underground duct lines for the 138 kilovolt connection to an adjacent substation, and a full-time, on-site maintenance staff. Permitting requirements are minimal as it is an industrial area far from residential neighborhoods.

Background information

- “Regulating reserves” balance generation to match demand by instantaneously providing power when demand exceeds generation, or reducing power when demand is less than generation. “Contingency reserves” maintain the balance of supply with demand when an unexpected event occurs, such as a generation or transmission problem.

Without these reserves, balancing supply with demand must come from generation (often at greater cost and fossil fuel use) or by reducing demand, which means stopping power to some customers.

- Increasingly in the future, the ability for system operators to balance electricity supply with customer demand will come from several sources, including: customers who voluntarily participate and receive an incentive for energy management (demand response); from customer-sited batteries that operators are able to draw upon; from batteries owned by the utility or others tied to variable renewable installations (like the one proposed at West Loch); and from grid-scale systems (like the one proposed at CIP).
- The current 30 percent Federal Investment Tax Credit remains in effect through 2019. It will decline to 26 percent through the end of 2020, then drop to 22 percent through the end of 2021. It will decline to 10 percent in 2022 and remain in effect through the end of 2024. Projects starting in each calendar year are eligible for that year’s credit, as long as they are completed by 2024.

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