Hawai‘i ends use of coal for power generation as 30-year contract with O‘ahu plant winds down
7% bill increase forecasted; clean energy projects set to arrive now through 2024 will help stabilize rates

HONOLULU, Aug. 7, 2022 – The power purchase contract between Hawaiian Electric and AES Corporation, which has operated the coal-fired power plant at Campbell Industrial Park since 1992, will end at midnight on Sept. 1. The facility is the last in Hawai‘i to use coal to make electricity.

Using a combination of renewable resources and existing power plants, Hawaiian Electric will continue to have sufficient generation capacity and reserve margin to meet the needs of O‘ahu’s 310,000 customers.

By discontinuing the use of coal, Hawaiian Electric is forecasting that residential bills for typical O‘ahu customers will rise 7% or about $15, which will start showing up for most customers in bills they receive in October.

The 180-megawatt AES facility is one of the state’s largest emitters of greenhouse gases, releasing 1.5 million metric tons of carbon dioxide equivalent annually. There were no plans by AES and Hawaiian Electric to extend the use of the coal plant after the expiration of the 30-year contract and under Act 23 of 2020, Hawai‘i banned any extension of the coal plant contract and any future use of coal for power generation.

Until oil prices surged earlier this year, the projected cost of discontinuing the use of coal as a fuel for power generation was relatively modest, about $2 more per month for typical customers. The Russian invasion of Ukraine changed that, driving oil prices up to historic levels.

“This is a critical turning point in the long-term transition of Hawai‘i’s energy landscape. Unfortunately, the timing has converged with global events that are currently increasing the cost of electricity,” said Shelee Kimura, president and CEO of Hawaiian Electric.

“We know that paying more for an essential service like electricity will impact many households and businesses particularly at a time when other costs are rising. We wanted to let customers know the situation in advance so they can plan and we can help them with options. We’re also seeing some encouraging signs that oil prices are declining and we’re hopeful this will help lower rates in the coming months.”

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Nine renewable energy projects are scheduled to come online on O‘ahu through 2024. Supply chain and other issues have delayed the in-service dates for a number of them, but many are expected to be online by the first half of 2023, including the Kapolei Energy Storage project, one of the largest battery energy storage projects in the world. Project updates are available on Hawaiian Electric’s Renewable Project Status Board at hawaiianelectric.com/statusboard.

Clearway Energy Group’s Mililani I Solar project will be officially dedicated on Aug. 11. It generates 39 megawatts and includes a 156 megawatt-hour battery at a cost of 9 cents per kilowatt-hour.

Renewable energy projects like these provide long-term price stability because they’re locked in at a contracted price, typically ranging from 9 to 13 cents per kilowatt-hour for solar and storage on O‘ahu.

Conserving electricity is a practical way for customers to manage their energy bills and nearly every household can save by changing habits and limiting the use of appliances that use the most electricity, especially air conditioners. Links to resources are available at hawaiianelectric.com.

Hawai‘i Energy is an expert resource that offers rebates and energy-saving tips at hawaiienenergy.com. Some actions to take now:

- Reduce the use of anything that generates heat – water heater, oven, clothes dryer, stove. Consider a solar water heater or heat pump water heater, available with rebates between $500 and $1,000 from Hawai‘i Energy – it could cut your bill by up to 40%.

- Turn off air conditioning or set it at 78 degrees. Even turning it off for an hour helps.

- Use smart plugs or unplug electronics when not in use, including computers, printers, cable boxes, game devices, chargers.

- Consider rooftop solar. In addition to tax incentives, Hawaiian Electric is offering cash incentives through its Battery Bonus program to customers who install battery storage.

If you’re having trouble paying your bill, go to hawaiianelectric.com/paymentarrangement to review payment plan options. For information on available financial assistance, go to hawaiianelectric.com/COVID19.

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