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### Burning desire

#### No new oil -fired plants but HELCO's future is highly combustible

By Kristine Kubat

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They were assigned different topics by The Kohala Center, but private consultant Jim Lazar and new HELCO president Jay Ignacio both chose to focus on how the utility might, or might not, change in the face of the current oil crisis.

It seems HEI executives were not in the mood for change when they picked outgoing HELCO president Warren Lee's replacement. His successor -- local boy and Hilo High graduate Jay Ignacio -- had already been working for the company 17 years when he took over the Hawai'i Island power company. An electrical engineer by training, Ignacio proved himself first in the Hilo Construction and Maintenance Division and later as manager of the Transmission and Distribution Department.

Ignacio took the stage at The Kohala Center's recent energy forum in front of an image of telescopes atop Mauna Kea. With an average consumption of 10 MW per month, they depicted the massive draw on the grid that makes HEI stockholders smile and carbon footprint accountants shudder. While he was supposed to talk about "Technical challenges and opportunities for increasing renewable energy resource use on Hawai'i; the importance of acting quickly and collaboratively," Ignacio made a much stronger case for caution. As it stands, the utility will stick with the pledge Lee made before he left to forego any new oil-fired plants. Still, for the foreseeable future, even though Ignacio can boast his company has "the highest PV penetration, probably in the nation," HELCO's energy strategy can best be described as 'burn baby burn.'

Ignacio told his audience at the energy forum that HELCO will proceed cautiously with retirements of its old oil-fired generation units. While the utility is under pressure to replace this baseload capacity with geothermal power, he said the company is concerned about losing the chance to utilize biofuels if it makes that switch. Ignacio reported that HELCO is reviewing a number of biofuel proposals and is even considering converting one of its existing units to biomass.

As for forays into non-combustible sources, Ignacio gave an update on the status of the Lalamilo wind farm -- it's all about spare parts -- and sideliined a question about solar by mentioning HEI's brief dalliance with a solar subsidiary. "The economics didn't work," Ignacio said of the venture in one breath, then contradicted himself in the next by saying that the company -- now in private hands -- "is doing quite well."

After the lunch break Jim Lazar, a consulting economist based in Olympia, Washington and senior advisor to the Regulatory Assistance Project took the mic to address this topic: "Recommendations on regulatory barriers and potential solutions." Lazar's own title for his talk was "A New Vision for HELCO."

The diagram below outlines, with mainland-centric icons, Lazar's vision of how our oil-dependent utility needs to operate to meet the challenges of an oil-restricted future. This highly decentralized version was in stark contrast to the diagram Ignacio offered earlier -- a multi-megawatt power plant tied to transmission lines that feeds a grid.

First up on Lazar's list of recommendations of how to get to a zero oil utility -- "a lendable pool of money that allows end-users to get at every last efficiency measure." Next and much more controversial, a hefty connection charge that turns utility power consumers into efficiency freaks. Lazar claimed the charge would have a "dramatic impact, way beyond what can be dictated in codes."

At his recommended \$1,000 to \$2,000 per kilowatt of connected load, that would mean a \$10,000 to \$20,000 for the typical 100 amp home. The charge would apply to new construction and it would not only put intense pressure on builders to come up with hyper-efficient homes in order to reduce the amp load and make their product marketable; it would also consign the building to a lifetime of low energy use.



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On March 10, 17-year HELCO veteran Jay Ignacio became the utility's new president. At the time, Mike May, president & CEO of Hawaiian Electric Co. told the Honolulu Advertiser: "Jay knows the HELCO system inside and out, and is well prepared to take over the reins." - Courtesy Hei



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Lazar had other recommendations for changing the rate schedules and structures so that the utility wouldn't get penalized for selling less electricity. This part of his presentation addressed an earlier comment from Ignacio who responded to a solar-related question from the audience by saying, "You are asking the utility to do more to reduce our customer base."

Under Lazar's scenario, the utility gets compensated for managing what would be a limited but much smarter grid. By this he means a dynamic, complex system where customers are much more than end-users -- producing energy and shedding their demand for it freely. The high degree of expertise required to coordinate the various inputs would amount to a value-added marketing strategy for HELCO.

When it comes to maintaining the profitability and strength of the utility, Lazar and Ignacio are in complete agreement. The difference comes when discussing how that strength will be derived. Ignacio seems to prefer the stability that comes with proceeding cautiously; Lazar, who believes islanders don't have that luxury, is calling for a complete overhaul. His burning desire is for big change.



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