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## State, energy firms bet on importing liquefied natural gas to Hawaii



[Duane Shimogawa](#)

Reporter- *Pacific Business News*

[Email](#) | [Google+](#) | [Twitter](#) | [LinkedIn](#)

**Hawaii Gas** is poised to bring in the state's first shipment of liquefied natural gas to use as a backup to its synthetic natural gas system after receiving favorable marks from the Consumer Advocate on its application with the **Hawaii Public Utilities Commission**.

The Honolulu-based company, formerly known as The Gas Co., is currently waiting for final approval from the PUC and, once it receives that, plans to ship LNG in a 40-foot container from the Mainland to Oahu.

"When it arrives, the [container] will be transported to our Pier 38 facility where the LNG will be regasified and injected into our synthetic natural gas pipeline system," Hawaii Gas President and CEO [Alicia Moy](#) told PBN.

She noted that this emergency backup program will allow it to further diversify its fuel sources and increase the reliability of its gas supply for its utility customers.

No timeframe was given as to when this first phase would begin.

"Hawaii Gas is committed to lowering the cost of energy for Hawaii, and we see LNG as an important step in achieving that goal," Moy said.

Critics of liquefied natural gas, who include environmental groups such as the **Blue Planet Foundation**, say LNG, which is a fossil fuel, is a poor way for Hawaii to transition from oil to renewable resources.

But Hawaii Gas is not alone in its interest in the fuel. The state, **Kauai Island Utility Cooperative** and Par Petroleum, which purchased the **Tesoro Corp.** operations in Hawaii last year, are also looking at whether bringing LNG to the Islands makes sense.

"It makes sense to replace petroleum and petroleum products with cleaner and cheaper natural gas in select, transitional applications," State Energy Office Administrator [Mark Glick](#) told PBN in an email. "The state views LNG as a transitional, limited-term replacement of oil for electricity generation with the potential for clean and low-cost replacement fuel for ground and marine transportation."

Glick noted that the state emphasizes the implementation of LNG must be done in a manner to increase renewable energy penetration and help Hawaii go beyond the 40 percent goal by 2030.

"The state sees LNG as potentially reducing electricity rates and improving grid resiliency and renewable penetration via flexible, quick-start, fuel efficient, gas-fired units," Glick said. "[The Hawaii Department of Business, Economic Development and Tourism] and the State Energy Office have facilitated discussions between **Hawaiian Electric Co.** and Hawaii Gas, leading to a mutual understanding on the collaboration to import and distribute LNG in Hawaii."

Hawaiian Electric says that because LNG is a cleaner burning, less expensive fuel, the utility believes it can play an important role as a bridge to fuel and to displace as much of the remaining oil as possible.

"We are working with the state and other key players in the energy community to evaluate the infrastructure and other changes needed to use LNG — which can help lower customer bills and be better for the environment than oil," HECO spokesman [Darren Pai](#) told PBN in an email. "It would be relatively straightforward to add LNG capability at the existing generating stations on Oahu."

Beyond Oahu, the Kauai Island Utility Cooperative also is looking into importing LNG, and has been talking regularly with gas suppliers and consultants regarding this venture.

Texas-based Par Petroleum, which purchased the larger of the state's two oil refineries, the former Tesoro Hawaii operation in Kapolei, may be interested in adding the shipping of LNG to what's currently being offered, according to some in the local energy industry.

"It makes a lot of sense. Par [Petroleum] does natural gas in their business strategy," a source previously told PBN. "I don't know who they're in discussions with in doing this, but I can't imagine that this isn't in their plan."

If Par Petroleum, which has renamed its Hawaii refinery Hawaii Independent Energy, goes in that direction, "I wouldn't be surprised if the state saved 10 percent on LNG compared to oil," the source said. "It's a bet, [and] not a sure thing."

Despite the uncertainty, Hawaii Gas is committed to its stance on LNG.

Additionally, the only franchised gas utility in Hawaii is exploring an expanded LNG delivery program that would enable it to increase the amount of LNG being shipped in to the state that would be used in its utility system as well as be made available for others that may be interested.

"This program would require an increase in the number of containers, additional vaporizers and small scale storage," Moy said. "Regulatory approval would be applied for as needed."

Hawaii Gas also is exploring the development of a larger-scale program for bulk deliveries of LNG for power generation and marine and surface transportation.

Duane Shimogawa covers energy, real estate and economic development for Pacific Business News.