



Posted on: Saturday, July 1, 2006

Maui may get second wind-power farm

By [Sean Hao](#)
Advertiser Staff Writer

Shell Oil Co. plans to build a \$200 million wind-power farm in a remote corner of Maui's 'Ulupalakua Ranch that will produce enough electricity for 15,000 homes and greatly reduce Maui's dependence on imported oil.

Shell's proposed 40-megawatt Auwahi wind farm and a 30-megawatt wind farm under construction above Ma'alaea are expected to provide about 20 percent of Maui's electricity when both projects are running, Shell officials said yesterday.

Maui residents have been generally receptive to wind power, putting aside their concerns about how the turbine towers look in the interest of encouraging renewable energy projects.

Makawao resident Bonnie Bonse said she feels the value of wind energy outweighs aesthetic values.

"I don't look forward to seeing these huge things, but you've got to do something," said Bonse, who is active in several environmental groups. "We have to do things like this to get away from oil."

Generating energy from wind won't necessarily reduce Maui customers' electricity rates, which are among the highest in the nation, officials cautioned.

"The security is the primary issue" for adopting wind power, said Gov. Linda Lingle, who joined officials from Shell and Hawaiian Electric in announcing the project at the state Capitol. "Price is important, but we should not be so dependent on outside sources of energy."

While Shell's new wind farm will be the biggest in the state, the electricity delivered by it and Hawai'i's four other wind farms will only satisfy about 1 percent of the state's electricity demands, according to the Department of Business, Economic Development and Tourism. In addition to the Kaheawa Wind Power project near Ma'alaea, there are three Big Island wind farms at Lalamilo Wells, South Point and 'Upolu Point.

'GREAT DAY FOR MAUI'

Still, the Shell wind farm, which could be followed by two more Shell wind projects in Hawai'i, represents a major step forward for efforts to make Hawai'i more energy independent, said Mike May, president & CEO of Hawaiian Electric Co., the parent company of Maui Electric Company.

"This is a great day for Maui and the state of Hawai'i," May said. "This will be a dramatic and drastic boost to our renewable future."

Officials don't expect Shell's proposed wind farm to generate the kind of public backlash that recently killed a \$70 million wind farm planned by Hawaiian Electric near the Kahe power plant in Leeward O'ahu.

The Auwahi wind farm will have 20 turbines that would stand in a remote corner of the 20,000-acre 'Ulupalakua Ranch. The site was chosen for its remoteness and strong winds. The project may use hydroelectric power in addition to the turbines. Wind



Gov. Linda Lingle explains the significance of Shell Oil Co.'s plan to build a 40-megawatt wind farm on Maui. With her, from left: John Hofmeister, president of Shell Oil Co.; Sumner Erdman, president of 'Ulupalakua Ranch Inc.; and Mike May, president and CEO of Hawaiian Electric Co.

REBECCA BREYER | The Honolulu Advertiser

power also could pump water into storage tanks when energy demand is low. That water could later be drained to generate electricity when demand is high.

The first phase of the Auwahi project is expected to be completed by 2008.

For 'Ulupalakua Ranch Inc., the wind farm provides a needed economic boost, said Sumner Erdman, the ranch's president.

"For all of us in the agricultural industry, it is extremely important for us to find alternative ways to economic success," he said.

The cost of the Auwahi wind farm project, to be developed by Shell subsidiary Shell WindEnergy Inc., could be partially offset by a federal wind power producer tax credit and a state income tax credit for renewable energy projects. The state tax credit is capped at \$500,000 per project.

CHEVRON FOLLOWS SUIT

Shell already has seven other wind farms on the Mainland but it isn't the only oil company venturing into alternative energy. Companies such as Chevron Corp. also have increased their investments into technologies like photovoltaic cells and biofuels, said Al Chee, Chevron's spokesman in Hawai'i.

"We need to explore all these because the (electricity) demand is rising more quickly than the supply," Chee said. "Our outlook is that all forms of energy need to be explored and, to the extent that it's possible, brought to market."

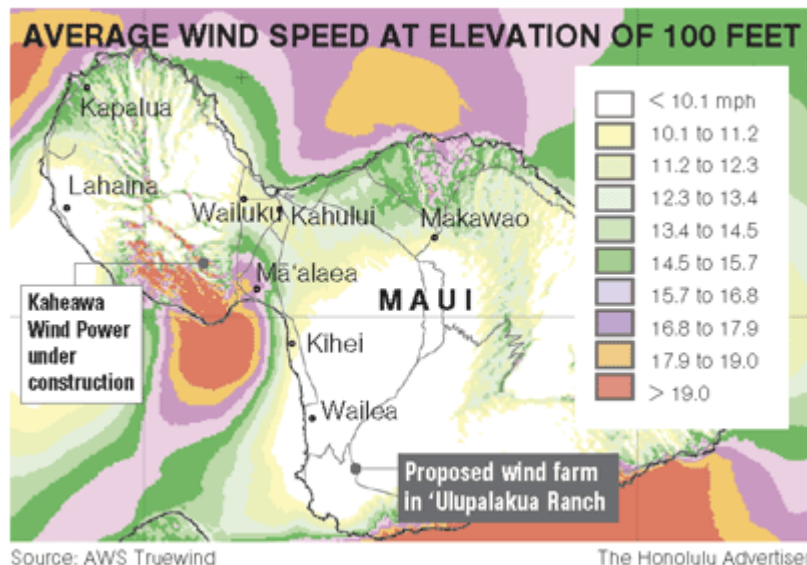
Shell's massive investment comes at a time when the company is flush with cash and seeking to diversify into alternative energy sources such as solar, renewable fuels and wind power. Shell parent Royal Dutch Shell PLC earned \$25.3 billion in profits in 2005, while Chevron posted net income of \$14.1 billion last year.

High oil profits make it possible for Shell and other oil companies to tie up cash in renewable energy projects that may not provide returns for years.

"The fact that oil prices are so high means that our profitability is high, which means our capital investment program is larger," said John Hofmeister, president of Shell Oil. "Of course with a project such as this, we won't be seeing money coming back from this wind farm for years."

Reach Sean Hao at shao@honoluluadvertiser.com.

...



[Back](#)

© COPYRIGHT 2006 The Honolulu Advertiser, a division of [Gannett Co.](#) Inc.

All materials contained on this site are protected by United States copyright law and may not be reproduced, distributed, transmitted, displayed, published or broadcast without the prior written permission of The Honolulu Advertiser. You may not alter or remove any trademark, copyright or other notice from copies of the content.