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KIUC and Pacific West Energy LLC Agree on Key Terms for Biomass-to-Energy Project

*Lihue, Kauai, HI – 10/14/09* - Kaua'i Island Utility Cooperative (KIUC) signed an agreement with Pacific West Energy, LLC (PacWest) for a 20-Megawatt Biomass-to-Energy project to come online by April 2012.

The project to be operated by PacWest, will provide renewable sourced energy for approximately 30 percent of Kaua'i's annual electrical use. The project also provides firm capacity to KIUC and will enable the Co-op to continue to provide reliable power to Kaua'i.

“Upon reaching full commercial operation, this project will allow KIUC to delay the Kapaia Unit Two Combustion Turbine project for the foreseeable future,” said KIUC President and CEO Randy Hee.

Key commercial terms related to the transaction have been agreed upon by KIUC and PacWest. “This project has been in the works for several years, and this agreement represents an important milestone in the process of securing more renewable energy for Kaua'i, and diversifying our energy sources away from petroleum,” added KIUC CFO David Bissell.

William Maloney, President and CEO of PacWest said, “we are excited about moving forward with this project in concert with KIUC and to accomplishing the goals we have envisioned for the citizens of Kaua'i, to provide Kaua'i-generated renewable energy, to preserve and create new jobs for Kaua'i, and to enable a significant amount of the island's idled and underutilized agricultural lands to be placed back in production.”

The next step in the process is a Power Purchase Agreement (PPA), which will be completed within 60 days and upon approval by KIUC's and PacWest's Boards of Directors will be submitted to the Hawai'i Public Utilities Commission.

“This agreement between PacWest and KIUC demonstrates a step towards meeting KIUC's strategic goals set in its 2007 strategic plan,” said Teofilo “Phil” Tacbian, board chair. “The plan calls for KIUC to provide 50 percent renewable energy by 2023 and I see this as a win-win situation for Kaua'i.”

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