

SOLAR BRINGING BIG CHANGE IN THE ELECTRICITY BUSINESS

April 11, 2015

Hawaii is on the cutting edge as a national leader in clean energy. More than 12 percent of Hawaiian Electric's customers have already "gone solar" and now enjoy clean power and lower electrical bills. There continues to be overwhelming public support for increasing the penetration of rooftop solar throughout the state.

Solar companies continue to innovate in radical ways, causing change in how power is made, used and sold. Examples include Sunrun's innovation in solar financing and SolarCity's innovation with energy storage.



The great uptick in solar is causing a fundamental change in the electricity business. Utilities typically derive revenues from building big power plants, but a future world might involve more self-sufficient homes and self-sufficient communities as a result of "micro-grids." These homes and communities will generate and share power to ensure a maximum, stable benefit to everyone; the grid of the future won't rely on huge, dirty power plants.

It's also perhaps not surprising that several political leaders are starting to talk actively about public ownership of the grid. Utilities are supposed to act in the public interest. What happens when the public interest and the interest of an investor-owned utility are no longer aligned? What happens when we no longer need utilities to build big power plants? Perhaps the utility of the future is one that will be publicly owned. Such a firm would address primarily the public interest and would not have to worry about how to make its shareholders a profit.

NextEra Energy Inc.'s subsidiary, Florida Power & Light Co., is an example of a top-down, vertically integrated utility with 4.7 million clients in Florida. Its bid to acquire Hawaiian Electric Industries Inc. is under consideration. Certainly, a company focused on centralized power generation carries a big wallet that inevitably translates into a strong lobby. It will be interesting to follow the coming dialogue between the proponents of centralized power production versus those in favor of a more decentralized platform empowered by microgrids.

Innovation is a good thing. Think about how much better the world is because of the invention of the smartphone. Imagine if the phone companies had been able to stop this type of innovation and force us to use landlines and pay huge bills for long-distance calls. Let's make sure Hawaii stays on the cutting edge of innovation and presses for a better, cleaner world powered by the sun.

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