

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

In the Matter of the)
)
PUBLIC UTILITIES COMMISSION) DOCKET NO. 03-0372
)
Instituting a Proceeding to)
Investigate Competitive Bidding for)
New Generating Capacity in Hawaii)
_____)

HESS MICROGEN, LLC'S
PRELIMINARY STATEMENT OF POSITION
and
CERTIFICATE OF SERVICE

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PUBLIC UTILITIES
COMMISSION
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OF THE STATE OF HAWAII

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HESS MICROGEN LLC'S
PRELIMINARY STATEMENT OF POSITION

TO THE HONORABLE PUBLIC UTILITIES COMMISSION OF THE STATE OF HAWAII:

HESS MICROGEN, LLC ("Hess") hereby respectfully submits its Preliminary Statement of Position in the above-referenced Docket to the Hawaii Public Utilities Commission ("Commission") pursuant to the Commission's Order No. 21575.

Hess supports competitive bidding because if done correctly, competitive bidding will generally: (i) allow the best electric generation proposals to be selected and (ii) provides the electric customer with reliable power at the lowest cost. In order for a competitive bidding process to be done correctly, it must be fair and timely to encourage broad participation from a range of prospective bidders.

A fair and timely competitive bidding system would allow Hess the opportunity to offer its combined heat and power ("CHP") units to whoever installs customer site generation, whether it is the utility, a utility affiliate, or some other third party entity.¹

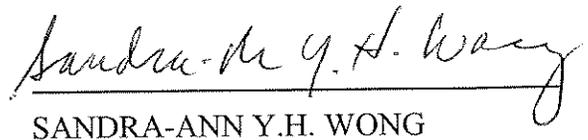
Hess' CHP systems are sized to meet the thermal heat needs of the customer, thus they do

not have excess power to provide to the utility grid. Rather, Hess' systems allow the customer to take less energy from the utility grid, thus lowering the customers' electric bill and demand on the grid.

A fair and timely competitive bidding system would also insure that there is no predatory/anti-competitive pricing by participants. If predatory/anti-competitive pricing does occur, there would be a process to bring this to the attention of the Commission and to have the Commission resolve it expeditiously.

Respectfully submitted.

DATED: Honolulu, Hawaii, March 14, 2005


SANDRA-ANN Y.H. WONG

Attorney for Intervenor
Hess Microgen, LLC

¹ In Hawaii, Hess initially offered the ownership option for its customer-sited CHP installations, but it is strategically moving away from this business model, choosing to instead focus on equipment sales.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served copies of the Preliminary Statement of Position of Hess Microgen, LLC upon the following parties, by causing copies hereof to be mailed, postage prepaid, and properly addressed to each such party as follows:

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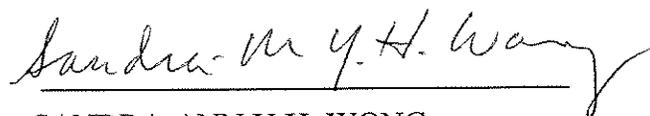
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