

Hawai'i's only gas utility makes its own fuel. The capital plan is what holds that together.

Hawai'i Gas manufactures synthetic natural gas from refinery naphtha, blends in renewable gas and hydrogen, and pipes it across O'ahu — while trucking propane to five other islands and operating under a statewide 100%-renewable-energy goal for 2045. A single plant, a single feedstock, and a decarbonizing state make every long-horizon investment a judgment call. Invizion helps gas utilities re-sequence a capital portfolio in a click — and defend every decision.

~70,000¹	~24M therms¹	\$70.84²	2045³
Hawai'i Gas residential and commercial customers across all six major islands — the state's only franchised gas company.	Synthetic natural gas (SNG) manufactured each year from naphtha, a by-product of oil refining, at one plant in Kapolei.	Per thousand cubic feet — Hawai'i's residential gas price (April 2026), the highest of any U.S. state.	The year Hawai'i expects all of its energy needs to be met by renewable sources.

THE HAWAII LANDSCAPE

Four forces are moving a very unusual gas system

Hawaii has almost no conventional pipeline natural gas. Its gas utility manufactures its own fuel from a refinery by-product and pipes it around one island, while propane serves the rest. That makes the capital questions different from the mainland — but no less urgent.

SYSTEM INTEGRITY & SAFETY

One plant, one feedstock, a thousand miles of pipe

On O'ahu, SNG moves to customers through roughly 1,000 miles of underground distribution main plus a high-pressure line from Kapolei to Pier 38, built mostly of steel and high-density polyethylene rather than the cast iron that burdens mainland systems.⁴

So Hawaii's integrity risk is less about brittle old pipe and more about concentration: the entire utility system depends on a single manufacturing plant in Campbell Industrial Park.¹ When supply, safety, and modernization all trace back to one facility and one pipeline network, capital sequencing is the risk-management tool.

DECARBONIZATION PRESSURE

A gas utility inside a 100%-renewable state

Hawaii Gas already blends renewable natural gas — about 800,000 therms a year from the Honouliuli wastewater plant, roughly 3% of O'ahu's utility fuel mix — and up to 15% hydrogen, which it calls the highest share of any U.S. gas utility, across its 1,100-mile network.⁵

It has committed to carbon neutrality by 2045 and is procuring more renewable gas and hydrogen, aiming to raise the hydrogen blend toward 20%.^{6,7} But the same state law that pushes 100% renewable energy by 2045³ also accelerates building electrification — and every customer that leaves shrinks the base that funds the pipe still in the ground.

SUPPLY, PRICE & RELIABILITY

Gas supply tied to a refinery, at the nation's highest prices

Because SNG is made by converting naphtha — a by-product of oil refining — into methane,¹ the utility's fuel supply is only as secure as continued refining in the islands. There is no interstate pipeline to fall back on.

The cost shows up on the bill: Hawai'i's residential gas price reached \$70.84 per thousand cubic feet in April 2022² — nearly four times the U.S. average near \$18.³ It sits alongside the country's highest electricity prices, about 38 cents per kWh.⁴ In a high-cost state, affordability is the constraint every capital dollar is measured against.

CAPITAL RECOVERY & REGULATION

Recovery runs through the rate case, not a surcharge

The Hawai'i Public Utilities Commission regulates the utility (SNG/RNG) side of Hawai'i Gas.¹⁰ In July 2024 the company filed its first general rate case in seven years, seeking an average statewide increase of about 17.7% — roughly 2.5% a year since its last case — to fund safety, reliability, and renewable work.¹¹

The approved increase is being consolidated into the base rate effective March 1, 2026.¹² Unlike many mainland states, Hawai'i has no standing infrastructure-replacement surcharge; capital is recovered through periodic rate cases and gas-cost pass-throughs, so the plan you defend in a case is the plan you live with for years.

WHO RUNS HAWAII'S GAS

One utility, two very different businesses

Hawaii's gas sector is effectively a single company wearing two hats: a PUC-regulated utility that manufactures and pipes SNG on O'ahu, and an unregulated propane business that serves the rest of the state. There are no municipal or cooperative gas systems to speak of.

The regulated gas utility

Rates & capital recovery set by the Hawaii PUC

Hawaii Gas — Utility Division (SNG / RNG) ~31,600 regulated gas customers on O'ahu¹³

Sole franchised gas LDC The only government-franchised, full-service gas utility in the state¹⁴

Manufactured-gas system One SNG plant in Kapolei feeding ~1,000 mi of O'ahu mains¹⁴

The utility side serves roughly 31,600 of the company's ~70,000 total customers — the rest are propane.¹³

Unregulated propane / LPG

Tank & cylinder gas, priced by the market — not the PUC

Hawaii Gas — Non-Utility (LPG) Propane to all six major islands¹⁴

Neighbor-island propane Maui, Hawaii Island, Kauai & more — bottled/tank LPG, no pipeline gas¹⁴

Independent propane dealers Smaller cylinder & tank distributors statewide (unregulated)

The propane business is not rate-regulated, but it shares the same capital discipline: trucks, tanks, cylinders, and terminals all compete for the same dollars as the O'ahu pipeline.

Every utility dollar has to clear the Commission

Hawai'i Gas's utility rates, capital recovery, and clean-energy plans all run through the PUC. With bills already the highest in the nation, approvals are anything but automatic.

Hawai'i Public Utilities Commission (PUC) regulates the rates, capital recovery, and integrated resource planning of Hawai'i Gas's SNG/RNG utility.¹⁰

2024 general rate case — the company's first in seven years, filed July 2024, sought an average statewide increase of about 17.7% (roughly 2.5% per year since the last case) for safety, reliability, and renewables.¹¹

Rate implementation — the approved increase is being rolled into a single base-rate line item effective March 1, 2026.¹²

No infrastructure-replacement surcharge — unlike mainland ISRS/DSIC/GSEP mechanisms, Hawai'i recovers utility capital through periodic rate cases and gas-cost pass-throughs; the propane business is unregulated.¹⁴

Ownership — Hawai'i Gas is owned by Argo Infrastructure Partners, which the PUC approved in June 2022, succeeding Macquarie (owner since 2006).¹⁴

Little federal LDC money — recovery rides on the rate case

Hawai'i's gas utility does not tap the large mainland pipeline-replacement grant programs. Its capital and clean-fuel investments are financed mainly through rates, cost pass-throughs, and targeted federal research support — which puts even more weight on getting the plan right.

The rate case is the primary capital vehicle — the ~17.7% statewide increase filed in 2024 is explicitly meant to fund safety, reliability, and renewable-energy investment.¹¹

Gas-cost pass-through — the price of naphtha feedstock flows to customers through the utility's purchased-gas mechanism, so feedstock volatility lands on bills already the nation's highest at \$70.84/Mcf.¹²

DOE-supported hydrogen R&D — federal support backs pilots such as Oceanit's HydroPel for higher hydrogen blending and, in 2025, an Ayrton Energy liquid-hydrogen storage-and-transport study.¹⁵¹⁶

Renewable-gas procurement — RNG (Bana Pacific) and hydrogen (Eurus Energy America) projects selected from a 2023 RFP remain contingent on PUC approval before capital commits.⁷

HAWAII'S GAS, IN BRIEF

Questions Hawai'i gas leaders are asking

Short, sourced answers — the same facts we work through with utilities looking at their capital programs.

Does Hawai'i have natural gas?

Not conventional pipeline gas. Hawai'i Gas manufactures synthetic natural gas — about 24 million therms (2.3 billion cubic feet) a year — by converting naphtha, a by-product of oil refining, into methane at a plant in Kapolei, then pipes it across O'ahu. Propane serves the other islands.

How many customers does Hawai'i Gas serve?

About 70,000 residential and commercial customers across all six major islands. Roughly 31,600 of those are on the PUC-regulated O'ahu utility system; the balance is unregulated propane.

Why is gas so expensive in Hawai'i?

The residential price hit \$70.84 per thousand cubic feet in April 2026 — nearly four times the U.S. average — because the fuel is manufactured locally from refinery naphtha and moved without the scale of an interstate pipeline. It tracks with Hawai'i's roughly 38-cents-per-kWh electricity, the highest in the nation.

What is Hawai'i Gas doing about decarbonization?

It blends renewable natural gas (about 3% of O'ahu's utility fuel) and up to 15% hydrogen today, targets up to 20% hydrogen, and has committed to carbon neutrality by 2045 — in step with the state's 100%-renewable goal for the same year.

How does the utility recover its capital?

Through periodic PUC rate cases and gas-cost pass-throughs, not a standing infrastructure surcharge. Its 2024 case — the first in seven years — sought an average statewide increase of about 17.7% to fund safety, reliability, and renewable work.

How does Invizion help Hawaii gas utilities plan capital?

Invizion is scenario-based capital portfolio optimization for utilities. For a system built around one manufacturing plant, one feedstock, and a 2045 clean-energy horizon, it lets you model how a supply disruption, a rate-case outcome, a hydrogen or RNG project, or an electrification-driven demand decline reshuffles the whole project list — re-sequence the portfolio automatically, and keep a defensible record of every decision for the PUC.

REFERENCES

Sources

Every figure in this briefing is tied to a primary or authoritative source.

1. Hawai'i Gas — FAQ (customers on six islands; SNG made from naphtha; ~24M therms / 2.3 Bcf/yr; Kapolei plant; O'ahu pipeline). www.hawaiigas.com/faq
2. U.S. EIA — Hawaii Price of Natural Gas Delivered to Residential Consumers (\$70.84/Mcf, April 2026). www.eia.gov
3. Hawai'i State Energy Office — Energy Landscape (all energy needs met by renewable sources by 2045). energy.hawaii.gov
4. Hawai'i Gas — Pipeline Safety (~1,000 mi O'ahu distribution; Kapolei-to-Pier 38 transmission; steel & HDPE). www.hawaiigas.com
5. Hawai'i Gas — About Us (1,100-mile network; RNG ~800,000 therms/yr = 3% of O'ahu utility fuel; up to 15% hydrogen; founded 1904). www.hawaiigas.com
6. Hawai'i Gas — Clean Energy Plan (carbon neutrality by 2045; renewable natural gas and hydrogen). www.hawaiigas.com
7. Hawai'i Gas — Selects Eurus Energy America (hydrogen) and Bana Pacific (RNG) from 2023 RFP; targets up to 20% hydrogen; PUC-contingent (2024). www.hawaiigas.com
8. U.S. EIA — U.S. Price of Natural Gas Delivered to Residential Consumers (~\$18/Mcf, April 2026, for comparison). www.eia.gov
9. U.S. EIA — Hawaii Electricity Profile (average retail price ~38.00 cents/kWh, highest in the U.S., 2024). www.eia.gov
10. Hawai'i Public Utilities Commission — regulator of gas, electric, and other utilities. puc.hawaii.gov
11. Hawai'i Gas — Files Utility Rate Case Application with the PUC (first in 7 years; ~17.7% avg statewide increase, ~2.5%/yr; July 2024). www.hawaiigas.com
12. Hawai'i Gas — Rate Case / billing update (approved increase consolidated into base rate effective 3/1/2026). www.hawaiigas.com/ratecase
13. U.S. EIA — Hawaii Number of Natural Gas Consumers (31,591 total in 2024: 28,624 residential, 2,962 commercial, 5 industrial). www.eia.gov
14. Hawai'i Gas — Acquisition by Argo Infrastructure Partners (PUC-approved June 29, 2022; prior owner Macquarie since 2006; only franchised full-service gas company; utility SNG/RNG + non-utility LPG on six islands). www.hawaiigas.com
15. Hawai'i Gas / Oceanit — U.S. DOE-supported HydroPel pilot to transport higher hydrogen blends through the 1,100-mile network (2022). www.hawaiigas.com
16. Hawai'i Gas — Pilot project with Ayrton Energy on liquid-hydrogen storage and transport (May 2025). www.hawaiigas.com

ABOUT INVIZION

Capital program optimization for utilities

Invizion is a purpose-built capital lifecycle management platform for utilities. It integrates budgeting, CIP, scenario analysis, and funding-source tracking in one system — so utilities can re-sequence a capital portfolio in a click and demonstrate audit-ready, defensible decisions to regulators, boards, and rating agencies.

See how utilities keep capital plans current and defensible with Invizion.

Explore Invizion →