



DAVID Y. IGE
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EXECUTIVE DIRECTOR

HAWAII GREEN INFRASTRUCTURE AUTHORITY

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Testimony of
Gwen Yamamoto Lau
Executive Director
before the
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Thursday, February 4, 2021
8:30 A.M.
State Capitol, Conference Room No. 325

In consideration of
HOUSE BILL NO. 558
RELATING TO CLEAN ENERGY FINANCING

Chair Lowen, Vice Chair Marten, and Members of the Committee on Energy and Environmental Protection:

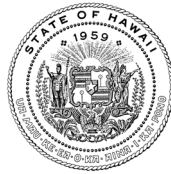
Thank you for the opportunity to testify and provide comments on House Bill 558, relating to clean energy financing. This bill proposes to create a clean energy and energy efficiency revolving loan fund under the administration of the Hawaii Green Infrastructure Authority (HGIA). HGIA **strongly supports** this bill.

With the state's current fiscal crisis, accessing Federal funds, which can be further leveraged with private capital, will be critical to continue investments in clean energy infrastructure and help kick-start Hawaii's economy. Our collective goal is to reduce energy costs, drive higher paying green job creation/retention and save billions of dollars currently spent on importing petroleum.

This bill would enable HGIA to submit an application to the U.S. Department of Agriculture, under its Rural Energy Savings Program to borrow flexible, low-cost loan capital and facilitate green infrastructure investments in rural areas across the state. Additionally, this bill would also enable both the financing of EV charging stations and the electrification of state vehicles, at no additional cost to the state, by utilizing a new cash flow stream generated from the realized savings of exercising purchase options in existing Power Purchase Agreement(s).

Thank you for this opportunity to testify and provide comments in support of HB 558.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
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ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
ON
HOUSE BILL NO. 558

February 4, 2021
8:30 a.m.
Room 325

RELATING TO CLEAN ENERGY FINANCING

The Department of Budget and Finance (B&F) offers comments on House Bill (H.B.) No. 558.

H.B. No. 558 creates a Clean Energy and Efficiency Revolving Fund (CEERF) within the Hawai'i Green Infrastructure Authority's (HGIA) special fund; allows State agencies to finance their purchase options under existing energy performance contracts and power purchase agreements to further reduce and stabilize future energy costs, with the option to utilize savings to finance the installation of electric vehicle charging systems and lease or purchase electric vehicles; repeals the Building Energy Efficiency Revolving Loan Fund (BEERLF); and appropriates funds out of the CEERF to make clean energy investment loans or for other approved uses.

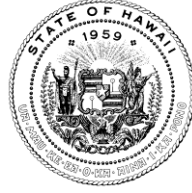
Whereas the BEERLF restricts the use of funds to energy efficiency improvements in buildings, the CEERF would expand the objective and use of funds to include clean energy investments in addition to buildings. Funds shall be used to provide low-cost loans at below-market rates or other authorized financial assistance to

eligible public, private, and nonprofit borrowers for clean energy investments or other authorized uses. The measure provides a loan ceiling of \$50,000,000 for the CEERF.

As a matter of general policy, B&F does not support the creation of any revolving fund which does not meet the requirements of Section 37-52.4, HRS. Revolving funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding H.B. No. 558, it is difficult to determine whether the proposed revolving fund would be self-sustaining.

In addition, the intent of H.B. No. 558 appears similar to language in Act 121, SLH 2018, which created a \$50,000,000 sub-fund within the HGIA's special fund to serve as a revolving line of credit to finance energy efficient measures. While this sub-fund is also special funded, it is unclear if the fund created in this measure is to be another special-funded sub-fund or a separate revolving fund independent of the HGIA's special fund.

Thank you for your consideration of our comments.



DAVID Y. IGE
GOVERNOR

JOSH GREEN
LT. GOVERNOR

**STATE OF HAWAII
OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**

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CATHERINE P. AWAKUNI COLÓN
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Energy & Environmental Protection
Thursday, February 4, 2021
8:30 a.m.
Via Videoconference**

**On the following measure:
H.B. 558, RELATING TO CLEAN ENERGY FINANCING**

Chair Lowen and Members of the Committee:

My name is Dean Nishina, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Division of Consumer Advocacy. The Department appreciates the intent of and offers comments on this bill.

The purposes of this bill are to: (1) create the clean energy and energy efficiency revolving loan fund within the Hawaii green infrastructure special fund under the administration of the Hawaii green infrastructure authority; (2) amend and expand the purpose of the \$50,000,000 revolving sub-fund for state agencies, which also includes existing power purchase agreements and the electrification of fleet vehicles; (3) repeal the building energy efficiency revolving loan fund, and (4) appropriate loan ceiling.

The Department appreciates H.B. 558's intent to seek other forms of financing to supplement and/or complement ratepayer-funded programs that finance clean energy technology and infrastructure. Given the State's high energy costs, the ability of ratepayers to support broad areas of the clean energy technology market, especially technologies that may not be commercially viable or cost-effective, are extremely

limited. The proposed language appears to address the concern that “[a]ny fees collected by the authority under this section” do not include monies collected as a result of tariffs approved by the Public Utilities Commission or monies meant for repaying the Public Benefits Fund. Otherwise, the depositing of fees or monies collected by the Authority, as described in HRS section 196-65(a), into the clean energy and energy efficiency revolving loan fund would be inconsistent with the stated intent of this measure: to create a source of funding that does not rely on ratepayer funds and that can be used for a broad range of clean energy technology.

Thank you for the opportunity to testify on this bill.

HB-558

Submitted on: 2/2/2021 9:15:26 PM

Testimony for EEP on 2/4/2021 9:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ted Bohlen	Climate Protectors Coalition	Support	No

Comments:

To: The House Committee on Energy and Environmental Protection (EEP)

From: Climate Protectors Coalition

Hearing Date: Thursday, February 2, 2021, 9:00 am

In support of HB1349 RELATING TO CLEAN ENERGY FINANCING

Aloha Chair Lowen, Vice Chair Marten, and Energy and Environmental Protection Committee members:

The Climate Protectors Coalition **supports HB558.**

The Climate Protectors Coalition is a group inspired by the Mauna Kea Protectors but focused on reversing the climate crisis. As a tropical island State, Hawaii will be among the first places harmed by the global climate crisis, with more intense storms, loss of protective coral reefs, food insecurity, and rising sea levels destroying our shorelines. We must do all we can to reduce our carbon footprint and become at least carbon neutral as soon as possible.

This bill would lead to lower greenhouse gas emissions by providing revolving loan financing for clean energy projects and energy efficiency.

The Climate Protectors ask that you pass this bill. Mahalo!

Climate Protectors Coalition (by Ted Bohlen)

TESTIMONY OF
JAMES P. GRIFFIN, Ph.D.
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

TO THE
HOUSE COMMITTEE ON
ENERGY & ENVIRONMENTAL PROTECTION

February 4, 2021
9:00 a.m.

Chair Lowen and Members of the Committee:

MEASURE: H.B. No. 558

TITLE: RELATING TO CLEAN ENERGY FINANCING.

DESCRIPTION: Creates the clean energy and energy efficiency revolving loan fund in the Hawaii green infrastructure special fund, to be administered by the Hawaii green infrastructure authority. Amends and expands the purpose of the \$50,000,000 revolving sub-fund for state agencies and also includes the electrification of fleet vehicles. Repeals the building energy efficiency revolving loan fund. Appropriates loan ceiling.

POSITION:

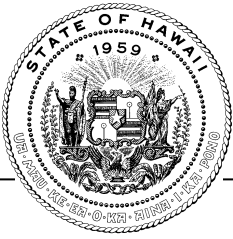
The Public Utilities Commission (“Commission”) offers the following comments for consideration.

COMMENTS:

The Commission appreciates the intent of this measure to strengthen HGIA's ability to support investment in energy efficiency and green energy technology, including solar energy systems and other clean energy equipment, electric vehicles, and electric vehicle charging systems and infrastructure.

The Commission defers to the Hawaii State Energy Office with regard to this measure's policy impacts. It is the Commission's understanding that this measure will not impact HGIA's obligation to repay proceeds from the green energy market securitization loan program that have been guaranteed and funded by Hawaiian Electric's customers.

Thank you for the opportunity to testify on this measure.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

DAVID Y. IGE
GOVERNOR

SCOTT J. GLENN
CHIEF ENERGY OFFICER

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Testimony of
SCOTT J. GLENN, Chief Energy Officer
before the
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

Thursday, February 4, 2021
9:00 AM
State Capitol, Conference Room 325

In SUPPORT of
HB 558
RELATING TO CLEAN ENERGY FINANCING.

Chair Lowen, Vice Chair Marten, and Members of the Committee, the Hawaii State Energy Office (HSEO) supports HB 558, which would establish the Clean Energy and Energy Efficiency Revolving Loan Fund under the Hawaii Green Infrastructure Authority (HGIA) and repeal the Building Energy Efficiency Revolving Loan Fund under HSEO.

HSEO supports the creation of the new revolving loan fund to provide flexible financing and low-cost capital for clean energy infrastructure. Given the new fiscal constraints from COVID-19, enactment of this bill would allow the HGIA to pursue outside funds. The HGIA would then be in a position to deploy funds to support a broad range of clean energy technologies and infrastructure more efficiently as compared to using bond financing. Providing affordable energy options for all ratepayers would contribute to reaching the State's clean energy goals while also kick-starting Hawaii's economy.

Given the State's current fiscal shortfall, opportunities to leverage funds from other sources to invest in green infrastructure are appropriate. The U.S. Department of Agriculture (USDA) recently included green banks as eligible borrowers for its Rural Energy Savings Program. If given the authority to borrow moneys from federal, county, private, or other funding sources, the HGIA could apply to borrow federal funds under

the USDA program for green infrastructure investments in rural areas across the state. HSEO supports amending HGIA's statute to allow the authority to borrow funds from the Federal government and other sources.

To coincide with the measure's repeal of the Building Energy Efficiency Revolving Loan Fund, Section 201-20, Hawaii Revised Statutes, HSEO respectfully requests that Section 201-12.8, HRS amend subsection (b), deleting the following:

“(4) To fund the building efficiency revolving loan fund established in section 201-20;”

This deletion is necessary for consistency in repealing the Building Energy Efficiency Revolving Loan Fund.

HSEO supports this bill provided that its passage does not replace or adversely impact priorities in the Executive Budget.

Thank you for the opportunity to testify.



HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

February 4, 2021, 9:00 A.M.

Video Conference

TESTIMONY IN SUPPORT OF HB 558

Aloha Chair Lowen, Vice Chair Marten, and members of the Committee:

Blue Planet Foundation **supports HB 558**, which strengthens and expands the state’s efforts to ensure an equitable transition to our 100% clean energy future.

This measure contains the following important elements:

- Replacing the dormant and unused building energy efficiency revolving loan fund with a “clean energy and energy efficiency revolving loan fund” and moving the governance of the fund to the active Hawai’i Green Infrastructure Authority (HGIA);
- Expanding the potential clean energy technologies that the revolving loan fund can support; and
- Allowing state agencies to finance their purchase options under existing energy contracts to further reduce and stabilize future energy costs, with the option to utilize savings to finance the installation of electric vehicle charging systems and lease or purchase electric vehicles.

These policy changes will help to accelerate the adoption of renewable energy, energy efficiency, and electric vehicles and help businesses and families who are currently underserved by existing market-based clean energy solutions. With nearly half of Hawai’i families living paycheck to paycheck *even before* the COVID-19 pandemic, reverting back to business as usual isn’t enough. We need new approaches that protect families by ensuring access to low-cost renewable energy options and affordable monthly energy bills.

The HGIA is an effective entity to implement the clean energy revolving loan fund. The Green Energy Market Securitization (GEMS) loan program—which is governed by the HGIA—was developed as a way to fill underserved gaps and lower the cost of clean energy financing. While the program was initially hampered with regulatory and marketplace challenges, the GEMS program is now successfully achieving this mission, with nearly 80% of residential funds committed to date being deployed as low-interest loans for low-income and moderate-income energy customers.¹ The now-profitable program has helped to create or retain over 1,000 clean

¹ *Green Energy Market Securitization Program Quarterly Report (January 1, 2020 – March 31, 2020)*, Hawai’i Green Infrastructure Authority.

energy jobs and avoid the emission of nearly a quarter million metric tons of carbon emissions.² Moreover, the program’s on-bill financing option enables renters and low-income households to install solar and energy-saving equipment with reduced credit barriers and no upfront costs. Rather than using traditional measures of credit, applicants can qualify regardless of credit history, with eligibility based upon on-time payment of their recent electric bills.

Additional program benefits, according to HGIA's 2020 Annual Report, are detailed below.

Excess Revenues over Expenses – Through September 2020 ³	\$5.6 million
Jobs Created / Retained	1,095
State of Hawaii Tax Revenues Generated	\$13.3 million
Total Estimated kWh Production / Reduction Over Lifetime	807,485,440
Total Petroleum Displaced Over Lifetime (Estimated Barrels)	495,784
Total Greenhouse Gas Avoided Over Lifetime (Metric Tons CO ₂)	242,863
Percent Low- and Moderate-income Households Served	78.0%

House Bill 558 would allow HGIA to leverage additional funds to expand this effective loan program. The HGIA has a little over \$60 million of the original bond available to lend for approved clean energy projects. Once the bond is exhausted, however, the GEMS program will not be able to continue its effective work, as the funds returned will go to repaying the bond (unless another bond is sought). This measure proposes to continue the GEMS success by overseeing a revolving clean energy loan program, where the repaid funds can then be re-loaned to benefit more businesses and residents. This enables the GEMS loan program—with its requirement to serve at least 51% low- and moderate-income—to continue sustainably.

Finally, the existing, dormant revolving loan fund allows for the receipt of funds from any source, including private sources. This could enable the GEMS program to operate in partnership with philanthropic or other private interests who support accelerating the just transition to 100% clean energy through a proven loan program.

It is also critical that HB 558 contain the appropriate language to allow HGIA to **leverage federal funding available to invest in green infrastructure as Hawai‘i recovers from the COVID-19 pandemic**. The U.S. Department of Agriculture, for example, recently expanded its Rural Energy Savings Program to include green banks as eligible borrowers. Clarifying the language in HB 558 to allow for additional federal funding to flow in-state is especially important now amid the state’s current budget shortfall.

Blue Planet Foundation supports HB 558 as a smart policy to strengthen and expand Hawai‘i’s ability to help us all move together toward 100% clean energy.

Thank you for the opportunity to provide testimony.

² Ibid.

³ Excess Revenue over Expenses before loan repayments returned to the PUC / Public Benefits Fee Administrator per Order No. 34930 Amending Decision and Order No. 32318 By Changing the Priority uses of GEMS Program Loan Repayments.