RELATING TO CLEAN ENERGY FINANCING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

SECTION 1. The legislature finds that significant investment in clean energy technology and infrastructure will be required to achieve the State's goals of energy self-sufficiency, energy security, and energy diversification. Investment is also needed to meet the renewable portfolio and energy efficiency portfolio standards in chapter 269, Hawaii Revised Statutes. The current aggregate level of green infrastructure investment is $12,800,000,000.

Green infrastructure investment supports Hawaii's evolving energy market and provides affordable energy options for Hawaii's ratepayers. Due to the significant amount of capital required for green infrastructure investment, the State must leverage private investment with limited public funds. A growth in the clean energy market will reduce the cost of clean energy for ratepayers, drive job creation, and save billions of taxpayer dollars currently being spent on importing petroleum oil.
The legislature has made various efforts to invest in green technology. Act 155, Session Laws of Hawaii 2009, established the building energy efficiency revolving loan fund to provide low cost financing to eligible public, private, and nonprofit borrowers to make energy efficiency improvements to buildings. Act 211, Session Laws of Hawaii 2013, established the Hawaii green infrastructure authority to make cost-effective green infrastructure financing options accessible and affordable to customers under the green energy market securitization loan program.

The legislature further finds that a significant barrier to clean energy adoption has been the availability of flexible financing and low-cost capital. Building Hawaii's clean energy infrastructure at the lowest possible cost is vital to reach the State's goal of one hundred per cent clean energy by 2045. Public funds must be used in a sustainable manner to simultaneously spark consumer demand for clean energy technology and attract private investment in green technology. It is the State's goal that each public dollar spent will have an investment multiplier effect throughout the green technology industry.
The legislature also finds that a variety of financing options must be available to support Hawaii's clean energy investment. Ratepayer-funded programs, such as energy efficiency rebates and the green energy market securitization loan program, have made progress but do not serve all ratepaying customers or the entire clean energy technology market. The green energy market securitization loan program facilitated over $85,700,000 in solar photovoltaic and energy efficiency projects over the past fiscal year, but the program is not able to serve all ratepayers and focuses only on new solar technology. The green energy market securitization bond was an innovative use of a rate reduction bond but the time lag between the issuance of the bond and expenditures for improvements was inefficient compared to using revolving loan funds, which are expended annually and in a more expedient manner.

The purpose of this Act is to strengthen the Hawaii green infrastructure authority's ability to support investment in clean energy technology and infrastructure by:

(1) Transferring the administration of the building energy efficiency revolving loan fund to the Hawaii green infrastructure authority;
(2) Expanding the purpose of the building energy efficiency revolving loan fund to include a broader range of clean energy technologies; and

(3) Making an appropriation to the clean energy revolving loan fund to make clean energy investment loans or for other approved uses.

SECTION 2. Section 196-64, Hawaii Revised Statutes, is amended to read as follows:

"§196-64 Functions, powers, and duties of the authority. (a) In the performance of, and with respect to the functions, powers, and duties vested in the authority by this part, the authority, as directed by the director and in accordance with a green infrastructure loan program order or orders under section 269-171 or an annual plan submitted by the authority pursuant to this section, as approved by the public utilities commission, for the green energy market securitization loan program, may:

(1) Make loans and expend funds to finance the purchase or installation of green infrastructure equipment for clean energy technology, demand response technology,
and energy use reduction and demand side management
infrastructure, programs, and services;

(2) Hold and invest moneys in the green infrastructure
special fund in investments as permitted by law and in
accordance with approved investment guidelines
established in one or more orders issued by the public
utilities commission pursuant to section 269-171;

(3) Hire employees necessary to perform its duties,
including an executive director. The executive
director shall be appointed by the authority, and the
employees' positions, including the executive
director's position, shall be exempt from chapter 76;

(4) Enter into contracts for the service of consultants
for rendering professional and technical assistance
and advice, and any other contracts that are necessary
and proper for the implementation of the loan program;

(5) Enter into contracts for the administration of the
loan program, without the necessity of complying with
chapter 103D;

(6) Establish loan program guidelines to be approved in
one or more orders issued by the public utilities
commission pursuant to section 269-171 to carry out
the purposes of this part;

(7) Be audited at least annually by a firm of independent
certified public accountants selected by the
authority, and provide the results of this audit to
the department and the public utilities commission;

and

(8) Perform all functions necessary to effectuate the
purposes of this part.

(b) The authority shall submit to the public utilities
commission an annual plan for the green energy market
securitization loan program for review and approval no later
than ninety days prior to the start of each fiscal year. The
annual plan submitted by the authority shall include the
authority's projected operational budget for the succeeding
fiscal year.

(c) In the performance of, and with respect to the
functions, powers, and duties vested in the authority by this
part, the authority shall administer the clean energy revolving
loan fund in section 201-20, and may:
(1) Make loans and expend funds to finance the purchase or installation of clean energy technology and services;
(2) Utilize all repayment mechanisms, financing tools, servicing and other arrangements, and sources of capital available to the authority;
(3) Utilize the employees of the authority, including the executive director;
(4) Enter into contracts for the administration of the loan program, without the necessity of complying with chapter 103D;
(5) Establish loan program guidelines;
(6) Be audited at least annually by a firm of independent certified public accountants selected by the authority, and provide the results of this audit to the department and the legislature; and
(7) Perform all functions necessary to effectuate the purposes of this part.

(d) The authority shall submit an annual report for the clean energy revolving loan fund to the legislature no later than twenty days prior to the convening of each regular session describing the projects funded and the projected energy impacts.
(e) The following terms, whenever used in this section, shall have the following respective meanings, unless a different meaning clearly appears in the context:

"Green infrastructure loan program" or "green energy market securitization loan program" or "GEMS loan program" means the loan program established under Act 211, Session Laws of Hawaii 2013, capitalized by the issuance of the green energy market securitization bonds."

SECTION 3. Section 201-20, Hawaii Revised Statutes, is amended to read as follows:

"§201-20 Building energy efficiency. Clean energy revolving loan fund. (a) There is established in the state treasury the building energy efficiency clean energy revolving loan fund, similar to a revolving line of credit, which shall be administered by the department authority, and into which shall be deposited:

(1) Funds from federal, state, county, private, or other funding sources;

(2) Moneys received as repayment of loans and interest payments; and
(3) Any fees collected by the [department] authority under this section.

(b) Moneys in the [building-energy efficiency] clean energy revolving loan fund shall be used to provide [low or no interest] low-cost loans at below-market rates, or other authorized financial assistance to eligible public, private, and nonprofit borrowers to make [energy-efficiency improvements in buildings] clean energy investments or other authorized uses or both, on terms approved by the authority. Moneys from the fund may be used to cover administrative and legal costs of fund management and management associated with individual loans, to include personnel, services, technical assistance, data collection and reporting, materials, equipment, and travel for the purposes of this section.

(c) Appropriations or authorizations from the fund shall be expended by the [department] authority. The [department] authority may contract with other public or private entities for the provision of all or a portion of the services necessary for the administration and implementation of the loan fund program. The [department] authority may set fees or charges for fund management and technical site assistance provided under this
section. The [department] authority may adopt rules pursuant to chapter 91 to carry out the purposes of this section.

(d) All interest earned on the deposit or investment of the moneys in the fund shall become a part of the fund.

(e) The [department] authority may establish subaccounts within the fund as necessary.

(f) The following terms, whenever used in this section, shall have the following respective meanings, unless a different meaning clearly appears in the context:

"Authority" means the Hawaii green infrastructure authority.

"Clean energy investments" means the purchase or installation, or both, of energy efficiency measures and renewable energy technology.

"Energy efficiency measures" means any type of project conducted, or technology implemented, to reduce the consumption of energy in a building. The types of projects implemented can be in a variety of forms but are usually designed to reduce electric utility costs.

"Loan fund program" means the clean energy revolving loan fund program.
"Renewable energy" shall have the same meaning as in section 269-91.

"Renewable energy technology" means the equipment and related accessories required to generate or produce renewable energy.

"Revolving line of credit" means a type of credit where loan advances are made for eligible purposes and where repaid principal deposited back into the fund may be reborrowed.

"Subaccount" means a separate fund within the clean energy revolving loan fund reserved for a specific purpose."

SECTION 4. There is appropriated out of the general revenues of the State of Hawaii the sum of $5,000,000 or so much thereof as may be necessary for fiscal year 2019-2020 to be deposited into the clean energy revolving loan fund to finance the installation costs for clean energy technology and infrastructure for eligible borrowers.

SECTION 5. There is appropriated out of the clean energy revolving loan fund of the State of Hawaii the sum of $5,000,000 or so much thereof as may be necessary for fiscal year 2019-2020 to provide loans or other financial assistance to make clean energy investments or other authorized uses.
The sum appropriated shall be expended by the Hawaii green infrastructure authority for the purposes of this Act.

SECTION 6. Statutory material to be repealed is bracketed and stricken. New statutory material is underscored.

SECTION 7. This Act shall take effect on July 1, 2019.
Report Title:
Clean Energy Revolving Loan Fund; Hawaii Green Infrastructure Authority

Description:
Amends and expands the purpose of the Building Energy Efficiency Revolving Loan Fund to a Clean Energy Revolving Loan Fund. Transfers administration of the Clean Energy Revolving Loan Fund to the Hawaii Green Infrastructure Authority.

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