HB1033 HD1 SD1

Measure Title:	RELATING TO PUBLIC FINANCE.
Report Title:	Public Finance; Clean Economy Bank
Description:	Establishes the clean economy bank of the State of Hawaii to, among other things: (1) Enable the State, along with other participating states, territories, and municipalities, to leverage aligned resources and collective influence to build a national clean economy that creates jobs, reduces carbon emissions, and ensures the nation's energy security; (2) Support clean economic development within the State and other participating entities; and (3) Lessen the burden on the State and other participating entities to finance qualified renewable energy and other related purposes. (SD1)
Companion:	SB1260
Package:	Gov
Current Referral:	ENE, CPN/WAM
Introducer(s):	SAY (Introduced by request of another party)

Sort by Date		**Status Text**
1/24/2011	H	Pending introduction.
1/26/2011	H	Introduced and Pass First Reading.
1/26/2011	H	Referred to FIN, referral sheet 2
2/12/2011	H	Bill scheduled to be heard by FIN on Tuesday, 02-15-11 2:00PM in House conference room 308.
2/15/2011	H	The committee(s) recommends that the measure be deferred.
12/1/2011	D	Carried over to 2012 Regular Session.
2/26/2012	H	Proposed draft of Bill scheduled to be heard by FIN on Wednesday, 02-29-12 11:30AM in House conference room 308. Copy of proposed draft available at www.capitol.hawaii.gov.
2/27/2012	H	Broadcast of hearing/briefing available. See: www.capitoltv.org
3/1/2012	H	The committees on FIN recommend that the measure be PASSED, WITH AMENDMENTS. The votes were as follows: 16 Ayes:

		Representative(s) Oshiro, M. Lee, Choy, Cullen, Giugni, Har, Hashem, Ichiyama, Jordan, Kawakami, C. Lee, Morikawa, Tokioka, Yamashita; Ayes with reservations: Representative(s) Marumoto, Riviere; 1 Noes: Representative(s) Ward; and Excused: none.
3/2/2012	H	Reported from FIN (Stand. Com. Rep. No. 728-12) as amended in HD 1, recommending passage on Second Reading and placement on the calendar for Third Reading.
3/2/2012	H	Passed Second Reading as amended in HD 1; placed on the calendar for Third Reading with Representative(s) Belatti, Fontaine, Hanohano, Johanson, Marumoto, Pine, Riviere, Thielen voting aye with reservations; Representative(s) Ching, Ward voting no (2) and Representative(s) Oshiro, Wooley excused (2).
3/6/2012	H	Passed Third Reading with none voting aye with reservations; Representative(s) Ching, Fontaine, Johanson, Marumoto, Pine, Riviere, Thielen, Ward voting no (8) and Representative(s) Chang excused (1). Transmitted to Senate.
3/8/2012	S	Received from House (Hse. Com. No. 49).
3/8/2012	S	Passed First Reading.
3/8/2012	S	Referred to ENE, WAM.
3/16/2012	S	The committee(s) on ENE has scheduled a public hearing on 03-20-12 2:50PM in conference room 225.
3/19/2012	S	Re-Referred to ENE, CPN/WAM.
3/20/2012	S	The committee(s) on ENE recommend(s) that the measure be PASSED, WITH AMENDMENTS. The votes in ENE were as follows: 3 Aye(s): Senator(s) Gabbard, English; Aye(s) with reservations: Senator(s) Ihara ; 1 No(es): Senator(s) Slom; and 1 Excused: Senator(s) Green.
3/23/2012	S	Reported from ENE (Stand. Com. Rep. No. 2988) with recommendation of passage on Second Reading, as amended (SD 1) and referral to CPN/WAM.
3/23/2012	S	Report adopted; Passed Second Reading, as amended (SD 1) and referred to CPN/WAM.
4/2/2012	S	The committee(s) on CPN/WAM has scheduled a public hearing on 04-04-12 8:45AM in conference room 211.

WRITTEN ONLY

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE SENATE COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
AND THE SENATE COMMITTEE ON WAYS AND MEANS
ON
HOUSE BILL NO. 1033, H.D. 1, PROPOSED S.D. 2

April 4, 2012

RELATING TO PUBLIC FINANCE

House Bill No. 1033, H.D. 1, Proposed S.D. 2, proposes to amend Chapter 39C, HRS, by adding a new section to allow the Department of Budget and Finance to enter into agreements with other entities authorized to issue Qualified Energy Conservation Bonds (QECB) for the pooling of QECB allocations and issuance of QECBs. House Bill No. 1033, H.D. 1, Proposed S.D.2, also proposes to establish a special account within the energy security special fund to finance qualified clean economy projects that 1) employ commercially viable technologies; 2) are capable of being carried out in a commercially viable manner within the State or a participating state, territory, or municipality; and 3) remain current on interest and debt payment obligations.

The Department of Budget and Finance ("Department") supports the development of a clean energy economy and the reduction of the State's dependence on imported energy. House Bill No. 1033, Proposed S.D. 2, seeks to attack this objective by establishing a new section in Hawaii Revised Statutes that would allow the State and the Department to pool QECB authority from other jurisdictions. As of this writing, the Department has concerns on this approach as we are still trying to validate the legality and federal authority to enable such a program. The State has consulted

with a couple of national bond counsel firms and both have informed the State that pooling of QECB authority between states is not currently permitted by federal statutes. The Department is working with legislative staff for a written opinion from the US Department of the Treasury for clarification that such pooling capabilities are allowable under federal codes. At this point, while we recognize that the new enabling legislation clearly states that such pooling would be to the extent permitted by federal law or procedure, please be aware that the Department would have to advise caution on the pooling concept as that approach may not be allowable under federal law.

The Department is also seeking clarification as to the practical and operational structure that pooled QECBs would offer. Issues such as using QECBs to fund a revolving fund is not explicitly permitted as an allowable use under the federal code. Also, the US Treasury Department would need to advise if it would be permittable to sell QECBs ahead of identifying specific project(s) that are explicitly allowable under the federal code. A letter is being drafted and response requested in writing of the US Treasury Department to clarify each of these items.

We recognize the legislative calendar and deadlines. And, we also appreciate the committee's desire to continue development of this discussion. To that extent, the Department wants to assure the Committee that we intend to be engaged and involved in clarifying the extent and legal parameters of establishing this fund. Just be advised that the viable creation of this fund and strategy will be largely dependent upon the legal authority to capitalize this fund using QECBs.

In summary, pending advice from the US Treasury to the contrary, the Department advises that references for pooling of QECB is questionable and likely

cannot be implemented and therefore recommend that Section 2 be deleted and, subsequently, section 3 be amended to delete references to the fees generated pursuant to Section 2 of this bill.

Thank you for the opportunity to provide testimony on this measure.

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: www.hawaii.gov/dbedt

Telephone: (808) 586-2355
Fax: (808) 586-2377

Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE
on
COMMERCE AND CONSUMER PROTECTION
AND
WAYS AND MEANS
Wednesday, April 4, 2012
8:45 a.m.
State Capitol, Conference Room 211

in consideration of
HB1033, HD1, SD1, Proposed SD2
RELATING TO ENERGY.

Chairs Baker and Ige, Vice Chairs Taniguchi and Kidani, and members of the committees.

HB 1033, HD1, SD1, Proposed SD2, would allow the Department of Budget and Finance to enter into agreements with other bond issuers to pool qualified energy conservation bond allocations. The proposed draft also establishes the qualified energy conservation bond fee special account within the Energy Security Special Fund of the Department of Business, Economic Development, and Tourism and requires a report in 2013 identifying the balance and listing the recommended projects to be funded by the Legislature. We defer to the Department of Budget and Finance with regard to this proposed draft.

Thank you for the opportunity to provide this testimony.

JULES KOPEL BAILEY
STATE REPRESENTATIVE
DISTRICT 42

HOUSE OF REPRESENTATIVES

March 19, 2012

The Honorable Mike Gabbard, Chair
Senate Committee on Energy and Environment
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

Re: In support of House Bill 1033 relating to the Clean Economy Bank

Dear Chair Gabbard, Vice-Chair English and members of the Committee.

I'm writing to encourage passage of House Bill 1033 and the creation of a Hawaii clean economy bank.

Since 2009, the State of Oregon has taken concrete steps to direct leveraged public and private investments into clean energy projects, including through loans. Moreover, we are currently considering proposals around the creation of a state bank, an Oregon Investment Act, and an expanding clean energy fund. As we look at ways to combine our efforts, I applaud the State of Hawaii for considering a Clean Economy Bank.

Why would a legislator from Oregon care about a Hawaii bill, especially when it might create competition? In actuality, more investment in clean energy means lower costs across the nation in this sector, a bigger, more robust industry, and critical progress on climate change. The more states that act, the more we win for good-paying, American jobs.

We must continually challenge each other to do better. Furthermore, I hope that after you pass this bill, we can discuss how our two states might collaborate further on shared wins, such as on wave energy.

Sincerely,

Rep Jules Bailey, HD-42
Co-chair, House Energy Environment and Water Committee

Capitol Address: 900 Court St NE, Salem, OR 97301 - 503-986-1442 - rep.julesbailey@state.or.us

HEVN
Hawaiian Electric Vehicle Network
a Sustainable Business Corporation

April 2, 2012

TO THE SENATE JOINT COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
AND WAYS AND MEANS COMMITTEES
ON HOUSE BILL NO.1033 HD1 SD2

RELATING TO PUBLIC FINANCE

Hearing:
Wednesday, April 4, 2012
8:45 AM
Conference Room 211
State Capitol

TESTIMONY IN STRONG SUPPORT OF HB1033 HD1 SD2

Aloha Chairs Baker and Ige, Vice Chairs Taniguchi and Kidani, and Commerce and Consumer Protection and Ways and Means Committee Members;

My name is Michael Snyder and I am the Founder and President of Hawaii's first organized Sustainable Business Corporation. We are a new Renewable Energy Services Company which will as part of our business model will be renting Electric Vehicles, generating, storing and distributing RE, creating an EV charging network as well as performing Transportation and RE Research and Development in these emerging industries with partners such as General Motors/OnStar, Ford and General Electric. Our company is a member of the Maui EV Alliance which was named one of the top 5 EV initiatives in 2011, and will be working with the Japan US Island Maui Smart Grid Project.

We respectfully submit this testimony as a statement of our strong support for HB1033, HD1 SD2 as proposed.

We believe that in this ever increasing competitive global economy that it is imperative for Government, Financial and Education Institutions, Businesses, Labor and Individuals to work together to achieve Hawaii's HCEI commitment to have 70% clean energy generation and efficiency by 2030. If Hawai'i is going to meet its' goals and challenges of having a more sustainable environment and diversified economy, and improve its' business climate, spur innovation and create good jobs we believe that it is critical to enact legislation such as HB1033 HD1 SD1 to provide funding and financing opportunities through the Hawai'i Clean Energy Fund!

HEVN supports the purposes of the Clean Economy Fund for the State of Hawai'i, including:

(1) Enabling the State, along with other participating states, territories, and municipalities to leverage aligned resources and collective influence to build a national clean economy that creates jobs, reduces carbon emissions, and ensures our nation's energy security;

(2) Supporting clean economic development within the State and within participating states, territories, and municipalities, by increasing access to capital for local governments, businesses, and non-profits in partnership with local financial institutions;

(3) Lessening the burden on the State and other participating states, territories, and municipalities of financing qualified renewable energy, renewable energy transmission, energy efficiency, distributed generation, and oil-saving projects and technologies; zero or low-carbon transportation; clean energy manufacturing; municipal water efficiency; municipal waste efficiency; job training for energy efficiency projects; and for other related purposes;

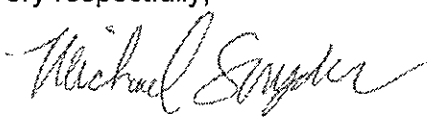
We are particularly supportive of financing zero and low-carbon transportation.

As an Aeronautical and Aerospace Engineer, and having worked in the Defense, Telecommunications, and Information Technology industries for over 35 years, I know the importance and critical role that technology plays in keeping the United States at the forefront. If Hawai'i truly wants to be a leader in Renewable Energy and diversify its' economy and improve our sustainability, please pass HB1033, HD1 SD2 to promote and accelerate the incubation, innovation, development, funding and deployment of RE technologies and systems. As a State with some of the highest electricity and gasoline prices in the country, but also a State with an abundant supply of clean, green renewable energy resources. (solar, wind, wave, geothermal, biomass, biofuels, OTEC etc.) Hawai'i is an ideal test bed for the nation and world to be a leader in Renewable Energy.

This legislation provides us with an opportunity to lead by example and highlight our States' commitment to develop new avenues for business growth and its' dedication to doing what's right for its' 'aina and people. It is our responsibility to prepare the foundation, offer opportunities and provide our keiki with the tools required so that they can succeed and lead us through the 21st century. Working together anything is possible!!

Mahalo Chairs, Vice Chairs, Commerce and Consumer Protection and Ways and Means Committee Members for your thoughtful consideration.

Very respectfully,



Michael Snyder
Founder and President
Hawaiian Electric Vehicle Network
Hawaii's first Sustainable Business Corporation

Pacific Biodiesel Technologies
40 Hobron Avenue
Kahului, Hawaii 96732
(808) 877-3144
(808) 877-5030 Fax
www.biodiesel.com

April 3, 2012

Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair
COMMITTEE ON COMMERCE AND CONSUMER PROTECTION

Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair
COMMITTEE ON WAYS AND MEANS

HEARING: Wed., April 4, 2012, 8:45 am, Conference room 211

Re: **In support of House Bill 1033, Proposed SD2 relating to the Clean Economy Fund**

Dear Chair Baker, Chair Ige, Vice Chairs Taniguchi, Kidani and members of the Committee,

Pacific Biodiesel wholeheartedly supports House Bill 1033, creating our nation's first clean economy fund in the State of Hawaii.

HB1033 represents an incredible opportunity for Hawaii to become a true leader in clean energy beyond even our own goals. Federal officials and a core group of national stakeholders are currently working to accelerate the deployment of $2.6 billion dollars in unused ARRA funding that was allocated to states and municipalities in the form of QECBs. A significant portion of the remaining QECB allocations (in excess of $1B) were allocated to municipalities in amounts too small for those municipalities to effectively benefit from the low interest rates. Hawaii's Clean Economy Fund can aggregate and jointly issue these bonds on behalf of participating municipalities, thereby helping to position Hawaii as a core financial center of the emerging clean energy economy.

As a home-grown company that has extended its reach across the mainland U.S.A., Pacific Biodiesel has received many accolades for our sustainable business model and can attest to the advantages of Hawaii undertaking the ambitious Clean Economy Fund. Our experience operating from perhaps the most remote of the fifty states has at times been challenging, but also rewarding. In fact, our remote location may be the biggest factor in our ability to remain mission-driven while still focusing on getting the job done and realizing economic success. Far away from the pressures of corporate lobbyists and Wall Street influences, we have been able to concentrate on growing a profitable green company that is involved nationwide with such organizations as the Sustainable Biodiesel Alliance, ASTM International, U.S. Army Corps of Engineers, U.S. EPA and many others, including various research and higher learning institutes.

We believe that Hawaii is the ideal place to create the Clean Economy Fund model and keep it on track. Please pass HB1033.

Sincerely,

Kelly T. King

Kelly Takaya King, Vice President

Testimony for CPN/WAM 4/4/2012 8:45:00 AM HB1033

Conference room: 211
Testifier position: Support
Testifier will be present: Yes
Submitted by: Al Lardizabal
Organization: Hawaii Laborers' Union
E-mail: Lardizabal@local368.org
Submitted on: 4/2/2012

Comments:
April2, 2012

Chair Rosalyn Baker; Chair David Ige and members of the committee:

The Hawaii Laborers' Union strongly supports HB1033, HD1,proposed SD2 Relating to Public Finance. This bill will help to maximize the receipt, allocation and expenditure of federal funds for the financing of clean economic development initiatives by leveraging resources to create jobs, reduce carbon emissions and increase energy security.

Thank you for the opportunity to submit this testimony.

Al Lardizabal
Government Relations
Hawaii Laborers' Union

Energy Programs Consortium Memorandum

To: State Energy Officials

From: Elizabeth Bellis, Counsel, EPC
ebellis@energyprograms.org
917-370-7916

Date: 2/6/2012

Re: QECBs[1]

IRS Circular 230 Disclosure: This information is intended for state and territory officials only and was not intended or written to be used, and cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under U.S. Federal tax law.

In its role as a technical assistance provider for states and local governments interested in energy program finance, Energy Programs Consortium ("EPC") has asked me to direct a project to provide technical assistance to state and local governments on QECBs and related financing programs. In this capacity, the National Association of State Energy Officials (NASEO) requested I prepare this memo for state energy officials interested in qualified energy conservation bonds ("QECBs").[2] If you have reviewed prior versions of this memo, you may wish to skip to page 5 for new information about barriers to issuance and a summary of the changes in the data since the prior memorandum dated November 29, 2011.

As many of you are now aware, in 2009, Congress increased to $3.2 billion the funding for states, large local governments and tribal governments to issue qualified energy conservation bonds to finance renewable energy and energy efficiency projects. The total allocation was divided amongst the state, local and tribal issuers according to population, as shown in Table 1A attached to this memorandum.

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[1] For more information, you can also contact Rebekah King, Research Associate, at rking@energyprograms.org or 202-333-5915. Ms. King contributed substantially to the preparation of this update, including research, data compilation and analysis, and drafting.

[2] QECBs are similar to Build America Bonds ("BABs") in that the interest on QECBs is taxable but the federal government offers a direct cash subsidy to the bond issuer to subsidize the interest costs. The subsidy on QECBs is twice as large as the BAB subsidy, making QECBs an extremely low-cost financing option for many issuers.

At least 99 projects totaling over $610 million have been funded with QECBs in 23 states to date.[3] Some states, like Kansas and Kentucky, have exhausted or nearly exhausted their allocations, while others still have millions of dollars to spend. Additional issuances are being planned in at least 20 states.

The authority to issue these bonds does not sunset under current federal law.

Qualified Energy Conservation Bond Process and Mechanics

As described above, Treasury allocated bond volume to the states, which in turn sub-allocate a portion of this authority to large local governments and municipalities (population 100,000 or more).[4] These counties or municipalities may waive their allocations and return them to the states.[5]

The issuer sells taxable QECBs to investors and the bond proceeds are used to fund a qualified project (see below for a description of qualified projects).

Issuers can choose to issue taxable bonds with a corresponding tax credit to the holders of the bonds or (as is more commonly done) elect to receive a direct cash payment from Treasury in lieu of the allowance of the tax credit to the holders.

In the more popular direct pay QECB, the issuer pays a taxable coupon to the investor and repays principal at the end of the term. In conjunction, the issuer may make level annual payments into a fund known as a "sinking fund," for payment of principal. Sinking funds are invested at the permitted sinking fund yield established at pricing (not shown in the Department of Energy (DOE) QECB Primer illustration below). Treasury pays issuer the lesser of the taxable coupon rate or 70% of the tax credit rate.

Whichever option the issuer chooses, the QECB subsidy is generally correlated with Treasury yields and has historically ranged from 2.9-4.1%. This corresponds to net financing costs for issuers of around 0.5- 1.5%. In addition, QECBs are fairly long-term financing options. The maximum amount of time the bonds can be outstanding ("maturity") is set by the government and has historically ranged from 12.5-19 years.[6] Up to date QECB rates and maturities can be found online at https://www.treasurydirect.gov/GA-SL/SLGS/selectQTCDate.htm.

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[3] Partial data suggests the following issuances may have occurred or be imminent: Dutchess County, NY $3.1 million; Erie County, NY $5.5 million; Monroe County, NY $5.5 million; Tompkins County, NY $1 million; Buffalo, NY $2.8 million; Yonkers, NY $2.1 million; and Brookhaven, NY $2.9 million.

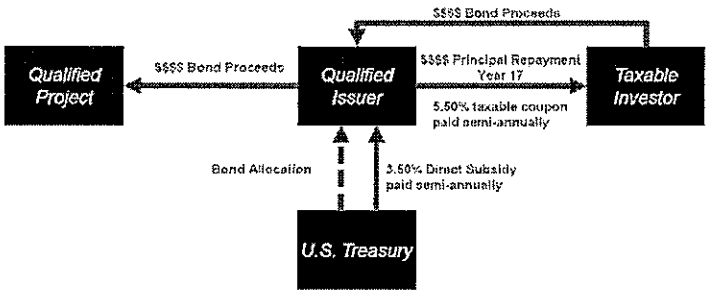
[4] See Notice 2009-29 (state by state allocations). The sub-allocation process has not been completed in some states.

[5] States have used a number of different approaches to the waiver process. One approach is to require large local governments to affirmatively waive their allocations before treating them as waived back to the state for use or re-allocation. Another approach is to require large local governments to notify the state by a certain date of their intent to utilize their allocation (with failure to notify being treated as waiver). A third approach is to require large local governments to affirmatively waive their allocations if a plan of use is not developed by a certain date. Some bond counsel have questioned the validity of the latter two approaches and the issuances stemming from forced waiver allocations; state counsel have occasionally questioned the authority of the state to require local government waivers. As such, affirmative waivers appear to be the more conservative approach of the various approaches known to us.

[6] Source: Wells Fargo

Net Interest Cost Example from the DOE QECB Primer[7]:

6.00%----Taxable rate
3.70%----Minus Direct Subsidy (5.29% tax credit rate x 70% subsidy)
2.30%----Equals Net Interest Cost (Taxable Rate-Direct Subsidy)



EPC is supporting an ongoing project to provide technical assistance to states to develop energy efficiency finance and renewable energy programs. We have developed a capacity to examine options for states to issue tax credit bonds to support the financing of energy projects. We are also coordinating efforts with the National Association of State Energy Officials (NASEO), DOE and Lawrence Berkeley National Laboratory to provide model documents and other QECB resources.[8]

Qualified Projects
QECBs may only be issued for qualified conservation purposes as defined in section 54D of the U.S. Internal Revenue Code. "Qualified conservation purposes" include capital expenditures:

1. To reduce energy consumption in publicly owned buildings by at least 20%[9]
2. To implement green community programs (including the use of grants, loans, or other repayment mechanisms to implement such programs)
3. For rural development (including producing renewable energy)
4. For certain renewable energy facilities (such as wind, solar, and biomass)[10]

The DOE QECB Primer indicates that a green community program can finance retrofits of existing private buildings through loans and/or grants to individual homeowners or businesses, or through other repayment mechanisms. Retrofits can include heating, cooling, lighting, water, conservation, storm water-reduction[11], or other efficiency measures.[12] However, issuers should

[7] The DOE QECB Primer may be found at: http://www1.eere.energy.gov/wip/pdfs/qecb_creb_primer.pdf
[8] The NASEO QECB resource page may be found at: http://www.naseo.org/resources/financing/qecb/index.html
[9] One issuer reported that the IRS provided informal guidance that these savings may need to be measured on a building-by-building basis; at least one issuer has issued bonds measuring savings on a portfolio basis.
[10] Other qualified purposes include research activities, mass commuting facilities, demonstration projects, and public education campaigns.
[11] One issuer reported that the IRS declined to rule favorably on whether water-conserving improvements were valid uses of QECBs issued under the 20% reduction in energy consumption prong of the eligible conservation purposes definition.
[12] http://www1.eere.energy.gov/wip/solutioncenter/pdfs/taking_advantage_of_qualified_energy_conservation_bonds_qecbs_presentation.pdf

keep in mind that IRS/Treasury, and not DOE, will audit bond issuances for compliance with section 54D and are not bound by DOE interpretation of IRS and Treasury rules and regulations. In addition, IRS and Treasury have provided little written guidance to address the more detailed questions most issuers have. A working relationship with experienced bond counsel is critical for potential issuers.

QECB Project Examples

Municipal Energy Efficiency -- Waterbury, CT

The Connecticut Development Authority issued $3.8 million of QECBs on August 12, 2010. Funds generated from the QECBs went toward heating and air conditioning improvements and window replacement for the Waterbury city hall and library.[13]

Multifamily Energy Efficiency – Boulder, CO

The Boulder Housing Partners (BHP) issued $1.5 million of QECBs on August 25, 2010 to increase energy efficiency in public housing projects. BHP used the bond proceeds for an Energy Performance Contract (EPC) to do weatherization and other energy reduction improvements on BHP's eight Public Housing sites. The EPC is expected to reduce carbon emissions in BHP's housing by 6,915 metric tons over the life of the project.[14]

Renewables -- Los Angeles, CA

The Department of Water and Power of the City of Los Angeles issued $131 million of QECBs on August 17, 2010 to expand their existing wind facility with the addition of 10 1.5 MW wind turbines as well as to build and operate a solar photovoltaic electrical generation facility.[15]

Green Community Programs--Residential Energy Efficiency Loans -- St. Louis, MO

The city of St. Louis is using its $10.7 million, issued April 19, 2011, in QECB funding for a residential energy efficiency loan program, which will provide unsecured loan financing for energy efficiency improvements to homes, with a maximum loan amount of $15,000.[16]

Green Community Programs -- Commercial PACE -- Boulder, CO

The city of Boulder issued $1.575 million in QECBs on November 5, 2010 and is using the funds for a Commercial PACE Program (funding commercial retrofits and efficiency improvements repaid through an annual property assessment).

University Improvements -- Louisville, KY

On December 15, 2010, the University of Louisville issued $20,942,000 in QECBs. It combined this funding with Build America Bonds to make improvements (using energy service performance contracting) within seventeen education and general buildings. The improvements

[13] http://www.ctcda.com/Financing/Bond_Financing/QUALIFIED_ENERGY_CONSERVATION_BONDS/

[14] http://www.stateenergyreport.com/using-qecbs-for-multifamily-housing-upgrades-a-case-study/

[15] http://www.treasurer.ca.gov/cdlac/news/summary.pdf

[16] For information on the loan program, see www.stlouissaves.com. See also LBNL's Policy Brief: http://eetd.lbl.gov/ea/emp/reports/ee-policybrief_062011.pdf and DOE presentation on Taking Advantage of QECBs: http://www1.eere.energy.gov/wip/solutioncenter/financialproducts/qecb.html

consisted of lighting retrofits, HVAC system replacement, building controls, motors, belts, water conservation, commissioning, and training.[17]

Utilization Trends

The most common use of QECBs has been to reduce energy consumption in publicly owned buildings by at least 20 percent through capital improvements. For example, such issuances make up 56 percent of total issuances and 100 percent of issuances in the Northwest and Southeast (regions with highest proportion of allocations used for 20 percent issuances). However, of the QECBs issued in the Southwest, 76 percent have been used for renewable energy facilities, like installing solar panels at public schools. Only two issuances nationwide are known have been used as green community programs (St. Louis, MO and Boulder, CO).

Across the country, state utilization rates range from complete lack of utilization (0 percent issued in a number of states) to complete exhaustion of allocation (100 percent issued in Kansas). See Table 1C. In addition to Kansas, state leaders include Kentucky (93 percent), South Dakota (79 percent) and California (71 percent). Twenty-eight states are not known to have issued any QECBs.

Regionally, utilization rates range from about 6 percent in the Southeast to almost 60 percent in the Southwest. See Graph 5. The Northeast, Midwest, Northwest and Central regions have utilization rates ranging from about 10.9 percent to 17.4 percent.

At the municipal level, issuances have ranged from as small as $120,000 for Rantoul Township High School District 193 in Champaign County, Illinois to as large as $131 million for the Los Angeles Department of Water and Power in California. See Table 1B. Large metropolitan areas that have issued QECBs include the City of Chicago, Las Vegas, Los Angeles, San Diego, and St. Louis. Many large metropolitan areas are not yet known to have utilized their allocations, however, and might benefit from coordination with state and territorial energy officials.

Updates Since November 29th

Since EPC's November 29th version of the QECB memo, the total number of known QECB issuances has increased to 99 projects in 23 states, up from 83 projects in 21 states. The increased figure reflects both new and older but previously unknown issuances.

Four new QECB issuances are Somerton, Arizona (approximately $1 million for solar technology for the public safety building and senior center), Navajo County/City of Show Lo, Arizona ($723,000 for an energy performance contract project), York County, Pennsylvania ($2.2 million to retrofit city facilities), and Lowell, Massachusetts ($2.6 million for energy efficiency projects).

EPC also learned of a number of older, previously-unknown issuances that occurred over the past year. Many of these were in California: Sonoma County ($1.9 million of QECBs for lighting retrofits, new air handlers, and a new air compressor for the fleet maintenance shop in August 2010); Yolo County ($2 million for energy efficiency purposes in March 2011); Kern

[17] See DOE presentation on Taking Advantage of QECBs: http://www1.eere.energy.gov/wip/solutioncenter/financialproducts/qecb.html

County ($4.3 million for solar arrays at the County Jail and the County Administrative Office in April 2011); the City of San Diego ($13 million for lighting conversion in April 2011); Santa Barbara County ($4 million for solar in May 2011), and Los Angeles County ($14 million for solar projects in August 2011). In Colorado, the University of Colorado issued $4.3 million of QECBs in October 2010 for energy improvements to the Medical campus. In Massachusetts, previously unknown QECB issuances include the Town of Gill ($127,000 for energy efficiency improvements through an energy performance contract in August 2011); Pentucket Regional School District ($4.5 million in October 2011 for school improvements); the Town of Fairhaven ($3 million for a wind energy project with partner Fairhaven Wind).

Taking into account all of these issuances, total known QECB issuances have now reached $614 million, an 12 percent increase from the November 29th figure of $547 million.

Two states new to our issuance list, Georgia and New Hampshire, have recently issued QECBs. State utilization rates increased in seven states: Arizona, California, Colorado, Massachusetts, New Hampshire, North Dakota, and Pennsylvania. Utilization rate increases for California, Colorado, Massachusetts, New Hampshire and North Dakota are due primarily to the inclusion of prior issuances not previously known to EPC, but Arizona, Massachusetts, and Pennsylvania experienced increases due to new issuances.

Utilization rates in most regions have also increased. The Southwest is up to 60 percent from 50 percent, the largest increase of any region (due to our discovery of prior issuances in California and two new issuances in Arizona).

Graph 2 shows the rate of QECB issuances on a quarterly basis beginning in the first quarter of 2010. At $43.4 million, the volume of issuance in the fourth quarter of 2011 represents a 35 percent decline in the quarterly QECB issuance rate from the third quarter of 2011. QECBs issuances began in the first quarter of 2010. The amount of QECBs issued in the fourth quarter of 2011 is the third lowest amount of any quarter (with smaller amounts issued seen only in the first two quarters of 2010, when direct pay QECBs were unavailable or new).

Barriers to the Use of QECBs

EPC and NASEO did extensive outreach to state governments in December 2011 to confirm issuance data and ask questions about state experiences with barriers to issuing QECBs. Twelve states[18] provided information about barriers to issuances in their state. The most commonly cited barriers were a) small allocations[19] (4 states or 33 percent of those that provided information) b) debt aversion at state and local levels (3 states or 25 percent), and c) lack of awareness, familiarity and/or understanding of QECBs or bonds generally at the state and local levels[20] (2

[18] Those 12 states were Arizona, Arkansas, District of Columbia, Illinois, Maine, Maryland, New Mexico, North Dakota, Tennessee, Texas, Virginia, and Wyoming. The city of Las Vegas also provided information.

[19] Small allocations often mean high transaction cost per dollar of bonds issued, since transaction costs in many cases are relatively fixed regardless of the size of an issuance.

[20] In some states a particular agency must be utilized whenever bonds are to be issued; in others a number of different agencies were possible candidates for implementing the QECB program and one was chosen and designated in an executive order or state legislation authorizing the QECB program and sub-allocations. At least 23 State Energy Offices (SEOs) were charged with implementing QECBs in their states. In other states, bonding

states or 17 percent).

Information Sharing and Technical Assistance

If you are exploring your options for energy program financing through QECBs, EPC and NASEO can offer assistance by sharing other state and governmental officials' experiences, putting you in touch with issuers who have dealt with similar issues, and reviewing your financing structure to provide comments and feedback. Conversely, if you have any experiences to share, we would very much like to hear from you so that other state and local governments may benefit from your work. This effort is being undertaken in a coordinated way with the NASEO Energy Financing Task Force, and EPC and NASEO will provide updates on these efforts on an ongoing basis.

If you would like more information on the issues listed above or if you have information on your state to feature, please contact me at ebellis@energyprograms.org and Diana Lin at dlin@naseo.org.

authorities, development authorities, or other agencies have been authorized to run the QECB programs. Increased coordination across state and local agencies could facilitate implementation.

Table 1A: State and Local Issuances of QECBs (1/30/2012)			
State	Amount	Issued	Remaining
Alabama	$ 48,364,000	$ -	$ 48,364,000
Alaska	$ 7,120,000	$ -	$ 7,120,000
Arizona	$ 67,436,000	$ 16,023,804	$ 51,412,196
Arkansas	$ 29,623,000	$ -	$ 29,623,000
California	$ 381,329,000	$ 272,480,171	$ 108,848,829
Colorado	$ 51,244,000	$ 27,059,880	$ 24,184,120
Connecticut	$ 36,323,000	$ 9,800,000	$ 26,523,000
Delaware	$ 9,058,000	$ -	$ 9,058,000
District of Columbia	$ 6,140,000	$ -	$ 6,140,000
Florida	$ 190,146,000	$ -	$ 190,146,000
Georgia	$ 100,484,000	$ 5,372,000	$ 95,112,000
Hawaii	$ 13,364,000	$ -	$ 13,364,000
Idaho	$ 15,809,000	$ -	$ 15,809,000
Illinois	$ 133,846,000	$ 44,370,000	$ 89,476,000
Indiana	$ 66,155,000	$ 3,300,000	$ 62,855,000
Iowa	$ 31,150,000	$ -	$ 31,150,000
Kansas	$ 29,070,000	$ 29,070,000	$ -
Kentucky	$ 44,291,000	$ 41,306,080	$ 2,984,920
Louisiana	$ 45,759,000	$ -	$ 45,759,000
Maine	$ 13,657,000	$ -	$ 13,657,000
Maryland	$ 58,445,000	$ 6,515,000	$ 51,930,000
Massachusetts	$ 67,413,000	$ 22,549,237	$ 44,863,763
Michigan	$ 103,780,000	$ -	$ 103,780,000
Minnesota	$ 54,159,000	$ 12,005,000	$ 42,154,000
Mississippi	$ 30,486,000	$ -	$ 30,486,000
Missouri	$ 61,329,000	$ 11,440,000	$ 49,889,000
Montana	$ 10,037,000	$ -	$ 10,037,000
Nebraska	$ 18,502,000	$ -	$ 18,502,000
Nevada	$ 26,975,000	$ 8,135,950	$ 18,839,050
New Hampshire	$ 13,651,000	$ 1,129,348	$ 12,521,652
New Jersey	$ 90,078,000	$ -	$ 90,078,000
New Mexico	$ 20,587,000	$ -	$ 20,587,000
New York	$ 202,200,000	$ 3,569,470	$ 198,630,530
North Carolina	$ 95,677,000	$ -	$ 95,677,000
North Dakota	$ 6,655,000	$ 3,780,000	$ 2,875,000
Ohio	$ 119,160,000	$ 17,995,705	$ 101,164,295
Oklahoma	$ 37,787,000	$ -	$ 37,787,000
Oregon	$ 39,320,000	$ -	$ 39,320,000
Pennsylvania	$ 129,144,000	$ 28,779,560	$ 100,364,440
Rhode Island	$ 10,901,000	$ -	$ 10,901,000
South Carolina	$ 46,475,000		$ 46,475,000
South Dakota	$ 8,343,000	$ 6,575,000	$ 1,768,000
Tennessee	$ 64,476,000	$ -	$ 64,476,000
Texas	$ 252,378,000	$ -	$ 252,378,000
Utah	$ 28,389,000	$ 5,000,970	$ 23,388,030
Vermont	$ 6,445,000	$ -	$ 6,445,000
Virginia	$ 80,600,000	$ -	$ 80,600,000
Washington	$ 67,944,000	$ 17,905,000	$ 50,039,000
West Virginia	$ 18,824,000	$ -	$ 18,824,000
Wisconsin	$ 58,387,000	$ 20,270,000	$ 38,117,000
Wyoming	$ 5,526,000	$ -	$ 5,526,000
American Samoa	$ 673,000	$ -	$ 673,000
Guam	$ 1,826,000	$ -	$ 1,826,000
Northern Marianas	$ 899,000	$ -	$ 899,000
Puerto Rico	$ 41,021,000	$ -	$ 41,021,000
US Virgin Islands	$ 1,140,000	$ -	$ 1,140,000
Total	$ 3,200,000,000	$ 614,432,175	$ 2,585,567,825
1. The information attached hereto has been gathered from various sources, including IRS Notice 2009-29, Municipal Securities Rulemaking Board, Department of Energy (DOE), Wells Fargo, state and local issuer websites, state and local government contacts. The amount issued figure may be rounded.			
2. Chart compiled by Elizabeth Bellis, Director, QECB Program, and Rebekah King, EPC, and was funded by the Energy Foundation, Ford Foundation, and others. Chart includes all known QECB issuances through January 30, 2012, but may not include all QECB issuances.			
For more information, please contact Elizabeth Bellis at ebellis@energyprograms.org or Rebekah King at rking@energyprograms.org or 202-333-5915			

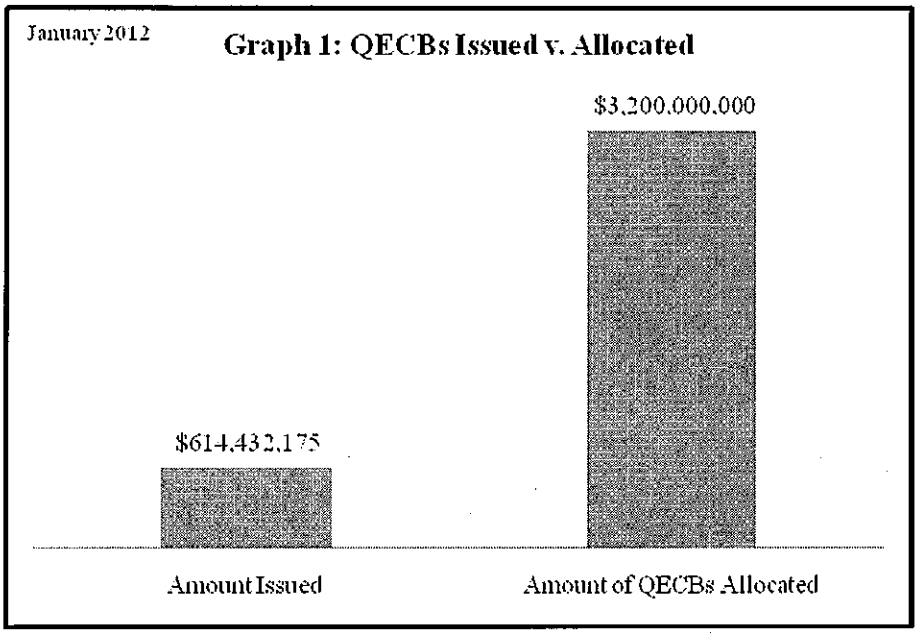
Table 1B: Qualified Energy Conservation Bonds Issued by State (as of 1/30/2012)				
Issued To	State	Issue Date	Amount Issued	Use of Proceeds
Somerton	Arizona	11/22/2011	$ 980,000	Solar improvements
Tempe	Arizona	7/1/2011	$ 7,300,000	Capital improvements
Tucson City	Arizona	6/23/2010	$ 5,590,000	Capital improvements
Tucson City	Arizona	6/9/2011	$ 1,430,000	Energy efficiency
Navajo County/ City of Show Lo	Arizona	1/3/2012	$ 723,804	Energy efficiency
Fallbrook Public Utility District Project	California	11/18/2010	$ 3,400,000	Solar improvements
Irvine Unified School District	California	7/29/2010	$ 4,840,000	
Kern County	California	4/12/2011	$ 4,337,131	Solar project
Lodi Unified School District Project	California	11/18/2010	$ 9,915,000	Solar improvements in schools
Los Angeles	California	10/25/2011	$ 11,920,000	City facilities retrofit
Los Angeles County	California	8/31/2011	$ 14,000,000	
Los Angeles Dep't of Water & Power	California	8/17/2010	$ 131,020,000	Solar & wind
Oxnard Union High School District Project	California	9/29/2010	$ 19,067,730	Solar improvements in schools
Rancho Water District Financing Authority	California	11/7/2011	$ 9,870,000	Capital improvements to water and wastewater facilities
Richmond	California	12/1/2010	$ 1,070,000	Streetlights and municipal capital improvements
San Diego	California	4/15/2011	$ 13,141,596	Lighting conversion program
Santa Barbara County	California	5/25/2011	$ 4,170,000	Renewable generation
Santa Clara County Photovoltaic Project	California	2/10/2011	$ 20,368,000	Renewable generation
Sonoma County	California	8/6/2010	$ 1,977,500	
Yolo County	California	3/16/2011	$ 2,019,214	
Yuba College Central Plant Efficiency Project	California	6/3/2011	$ 6,324,000	
Yuba Community College	California	6/21/2011	$ 15,040,000	Renewable generation
Boulder County	Colorado	2/2/2010	$ 5,838,050	Capital improvements
Boulder Housing Partners	Colorado	8/25/2010	$ 1,500,000	Multi-family capital improvements
Boulder PACE	Colorado	11/5/2010	$ 1,515,000	PACE - commercial
City of Boulder	Colorado	9/27/2010	$ 1,500,000	Capital improvements
City of Englewood	Colorado	9/15/2010	$ 1,286,440	Municipal capital improvements
Foothills Park & Rec Dt	Colorado	8/13/2010	$ 1,000,000	Recreational capital improvements
Fort Collins City	Colorado	6/28/2010	$ 6,410,000	Smart Grid
Mesa County School District #51	Colorado	10/29/2010	$ 2,000,000	School improvements
University of Colorado	Colorado	10/20/2010	$ 4,375,000	Higher ed capital improvements
Western State College	Colorado	8/19/2010	$ 1,635,390	Higher ed capital improvements
East Hartford	Connecticut	4/10/2010	$ 6,000,000	
Waterbury City	Connecticut	8/11/2010	$ 3,800,000	Municipal capital improvements
Fulton county	Georgia	8/23/2011	$ 5,372,000	
Champaign Cty (Rantoul) Township High School District 193	Illinois	12/20/2010	$ 120,000	School improvements
Champaign Cty School District 116 (Urbana)	Illinois	12/14/2010	$ 585,000	School improvements
City of Chicago	Illinois	11/4/2010	$ 29,665,000	Water
Deerfield	Illinois	9/26/2011	$ 12,500,000	Energy efficiency; wastewater reclamation facility reconstruction
McHenry CCSD	Illinois	8/31/2011	$ 1,500,000	School improvements
Ivy Technical Community College	Indiana	10/1/2010	$ 3,300,000	
Kansas Development Finance Authority	Kansas	12/21/2010	$ 17,819,000	Kansas State University projects
Lawrence City	Kansas	3/10/2011	$ 8,721,000	Renewable generation
Wyandotte County/Kansas Unified Govt.	Kansas	11/18/2010	$ 2,530,000	Municipal energy improvements
Louisville-Jefferson County Metro Govt.	Kentucky	9/14/2010	$ 7,408,700	Gov energy improvments
University of Kentucky	Kentucky	11/19/2010	$ 12,955,000	School improvements
University of Louisville	Kentucky	12/20/2010	$ 20,942,380	School improvements
Public schools	Maryland	7/27/2011	$ 6,515,000	School improvements
Belchertown	Massachusetts	9/20/2011	$ 3,140,000	Energy efficiency
Cathartes Private Investments/ Westford Solar	Massachusetts	8/22/2011	$ 5,800,000	Renewable generation
City of Northampton	Massachusetts	12/22/2010	$ 1,698,790	Energy Efficiency improvements in public buildings
Fairhaven Wind	Massachusetts	11/7/2011	$ 3,035,957	Renewable generation
Lowell	Massachusetts	12/2/2011	$ 2,648,000	Energy efficiency
Pentucket Regional School District	Massachusetts	10/21/2011	$ 4,567,510	School improvements
Scituate Wind/Town of Scituate	Massachusetts	8/10/2011	$ 1,531,480	Renewable generation
Town of Gill	Massachusetts	8/25/2011	$ 127,500	Energy efficiency

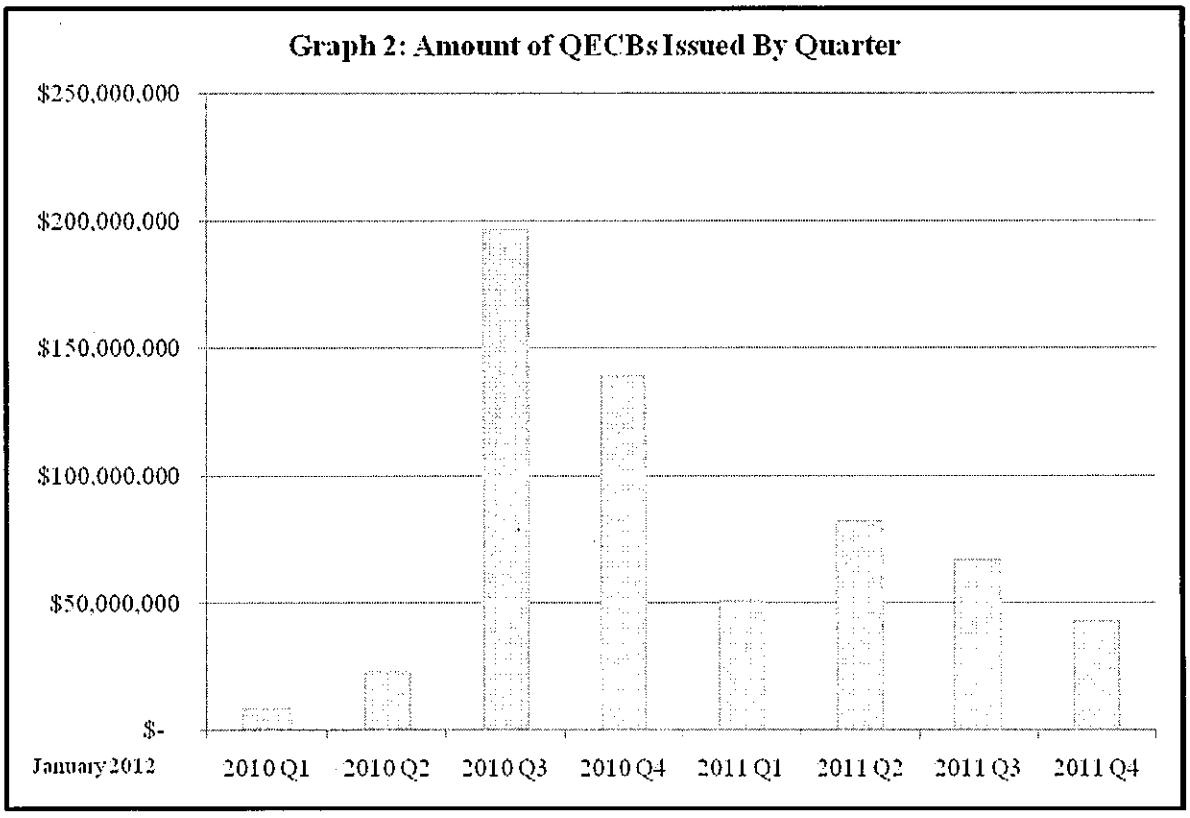
Issued To	State	Issue Date	Amount Issued	Use of Proceeds
ELY ISD #696	Minnesota	5/19/2011	$ 2,810,000	Energy efficiency in schools
Grant County	Minnesota	2/1/2011	$ 2,000,000	Capital improvements
Itasca County	Minnesota	2/8/2011	$ 3,690,000	Energy efficiency
New Hope Economic Development Authority	Minnesota	11/18/2011	$ 3,505,000	Energy efficiency
Greene County	Missouri	3/3/2011	$ 1,130,000	Energy efficiency
St. Louis County	Missouri	4/29/2011	$ 10,310,000	Green community loan program
City of Reno	Nevada	6/1/2010	$ 2,261,650	HVAC retrofit for Reno City Hall
Las Vegas	Nevada	3/16/2011	$ 5,874,300	City facilities retrofit
Manchester	New Hampshire	11/1/2010	$ 1,129,348	School improvements
Chautauqua County	New York	1/19/2011	$ 1,403,470	Financing expansion of Electric Generation Plant
Rochester City	New York	6/16/2010	$ 2,166,000	HVAC replacement
Morton County (Mandan S.D.)	North Dakota	4/11/2011	$ 3,780,000	School improvements
City of South Euclid	Ohio	8/31/2011	$ 386,145	Energy efficiency
Findlay	Ohio	6/30/2011	$ 518,010	County facilities retrofit
Kent State University (Main Campus)	Ohio	5/31/2011	$ 7,000,000	Energy efficiency and conservation improvements
Kent State University (Regional Campus)	Ohio	3/30/2011	$ 2,693,610	Energy efficiency and conservation improvements
Kent State University (Stark Campus)	Ohio	6/11/2010	$ 672,130	Energy efficiency and conservation improvements
Licking County	Ohio	9/29/2011	$ 2,121,000	County facilities retrofit
Owens State Community College	Ohio	3/18/2010	$ 3,125,000	Energy efficiency and conservation improvements
Pickaway County	Ohio	12/15/2010	$ 1,479,810	County facilities retrofit
Allegheny County	Pennsylvania	11/22/2010	$ 9,389,560	City facilities retrofit
Commonwealth of PA/Penn St CTFS Partn	Pennsylvania	9/30/2010	$ 15,700,000	Capital improvements to prison facilities
Fayette County	Pennsylvania	9/28/2011	$ 1,490,000	County facilities retrofit
York County	Pennsylvania	12/28/2011	$ 2,200,000	City facilities retrofit
Davison County (Mitchell) #17-2	South Dakota	11/10/2010	$ 1,725,000	1.5 MW wind turbine
Lake County	South Dakota	6/1/2011	$ 850,000	Renewable generation
Rapid City	South Dakota	11/1/2011	$ 4,000,000	School improvements
Utah County	Utah	10/22/2010	$ 5,000,970	Energy efficiency
Bellingham City	Washington	4/13/2011	$ 6,500,000	Energy efficiency
King County	Washington	11/15/2010	$ 5,825,000	Energy efficiency and HVAC project
Kitsap County	Washington	12/16/2010	$ 1,110,000	Sewer financing
Thurston County	Washington	10/26/2010	$ 2,040,000	City facilities retrofit
Yakima County	Washington	9/8/2010	$ 2,430,000	Energy efficiency in courthouse
Alma Center-Humbird-Merillan School District	Wisconsin	8/18/2011	$ 4,600,000	Energy efficiency improvements to schools
Dane Co (Mount Horeb) ASD	Wisconsin	4/18/2011	$ 2,500,000	Renewable generation
Jefferson School District	Wisconsin	3/18/2011	$ 2,345,000	Energy efficiency
Menasha School Dist (Winnebago County)	Wisconsin	6/28/2011	$ 1,690,000	School improvements
Osseo Fairchild School District	Wisconsin	11/1/2011	$ 750,000	Energy efficiency improvements to schools
Pleasant Prairie Village	Wisconsin	8/16/2010	$ 1,890,000	City facilities retrofit
School Dist Hartford No. 1 (Dodge and Washington Counties)	Wisconsin	4/11/2011	$ 2,295,000	Renewable generation
Western Wisconsin Tech College Dt	Wisconsin	7/21/2010	$ 1,500,000	Energy conservation/public education program
Western Wisconsin Tech College Dt	Wisconsin	1/27/2011	$ 1,500,000	School improvements
Western Wisconsin Tech College Dt	Wisconsin	7/27/2011	$ 1,200,000	School improvements
Total Issued as of 1/30/2012			$ 614,432,175	

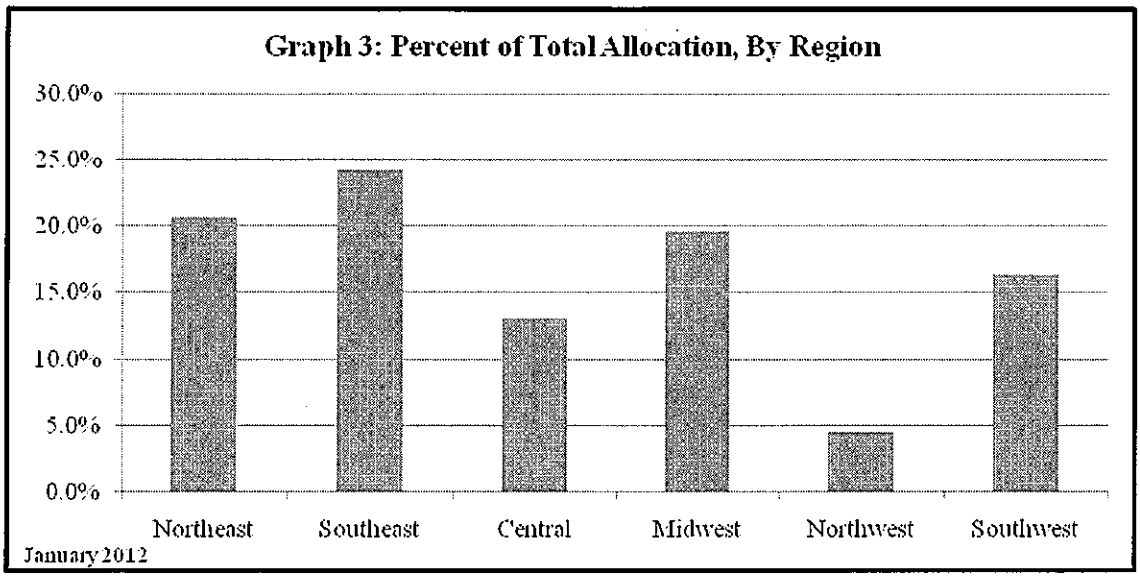
Note: Abbreviation "EE" is energy efficiency; abbreviation "res" is residential; "HVAC" is Heating, Air Conditioning, and Ventilation; "ed" is education; "bldgs" is Buildings.

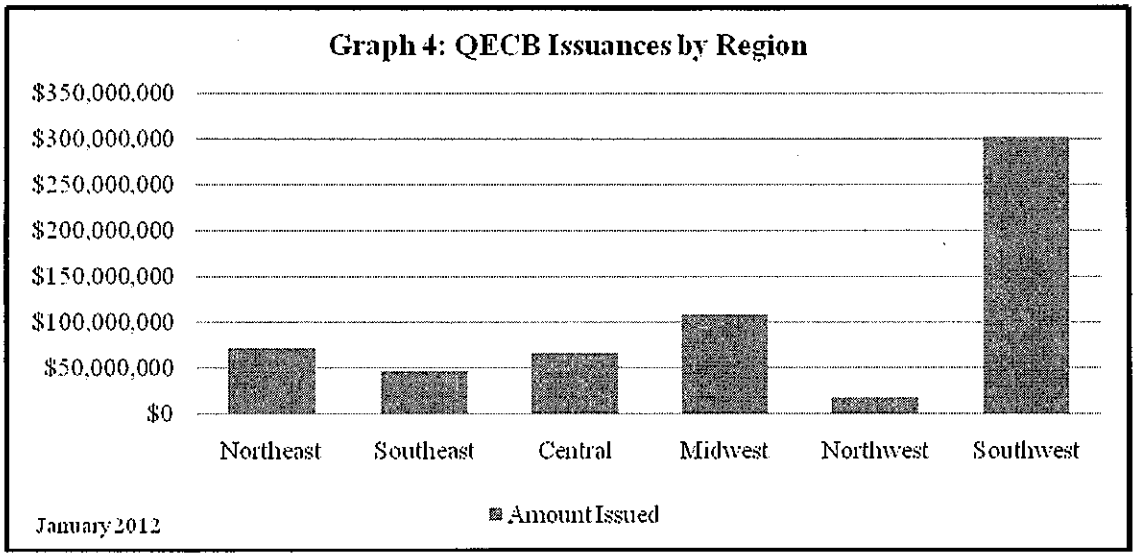
Note: Partial data suggests the following issuances may have occurred or be imminent: Dutchess County, NY $3.1 million; Erie County, NY $5.5 million; Monroe County, NY $5.5 million; Tompkins County, NY $1 million; Buffalo, NY $2.8 million; Yonkers, NY $2.1 million; and Brookhaven, NY $2.9 million.

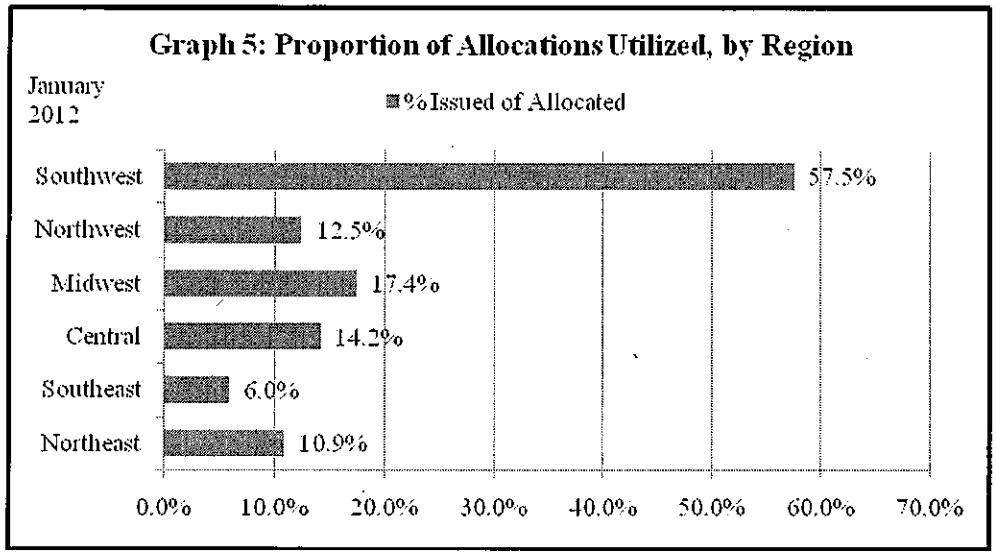
Table 1C: Proportion of Qualified Energy Conservation Bonds Issued by State 1/30/2012	
State	Percent Issued
Alabama	0%
Alaska	0%
American Samoa	0%
Arizona	24%
Arkansas	0%
California	71%
Colorado	53%
Connecticut	27%
Delaware	0%
District of Columbia	0%
Florida	0%
Georgia	5%
Guam	0%
Hawaii	0%
Idaho	0%
Illinois	33%
Indiana	5%
Iowa	0%
Kansas	100%
Kentucky	93%
Louisiana	0%
Maine	0%
Maryland	11%
Massachusetts	33%
Michigan	0%
Minnesota	22%
Mississippi	0%
Missouri	19%
Montana	0%
Nebraska	0%
Nevada	30%
New Hampshire	8%
New Jersey	0%
New Mexico	0%
New York	2%
North Carolina	0%
North Dakota	57%
Northern Marianas	0%
Ohio	15%
Oklahoma	0%
Oregon	0%
Pennsylvania	22%
Puerto Rico	0%
Rhode Island	0%
South Carolina	0%
South Dakota	79%
Tennessee	0%
Texas	0%
US Virgin Islands	0%
Utah	18%
Vermont	0%
Virginia	0%
Washington	26%
West Virginia	0%
Wisconsin	35%
Wyoming	0%
Total	20%

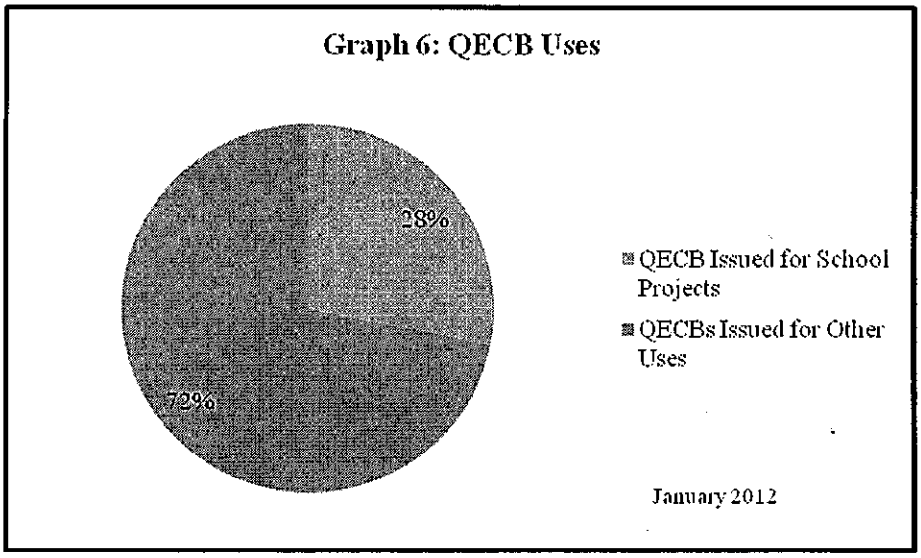

January 2012
Graph 1: QECBs Issued v. Allocated
$3,200,000,000
$614,432,175
Amount Issued
Amount of QECBs Allocated

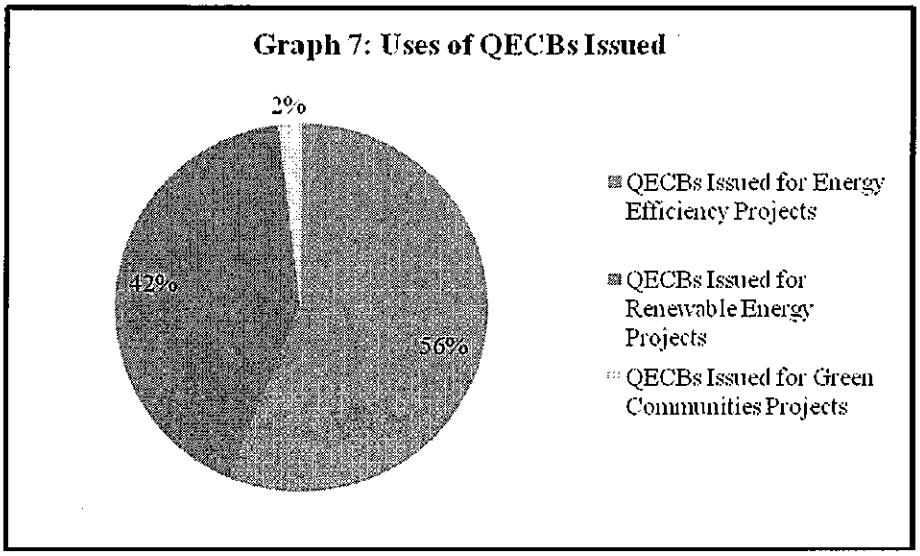

Graph 2: Amount of QECBs Issued By Quarter
$250,000,000
$200,000,000
$150,000,000
$100,000,000
$50,000,000
$-
January 2012
2010 Q1
2010 Q2
2010 Q3
2010 Q4
2011 Q1
2011 Q2
2011 Q3
2011 Q4


Graph 3: Percent of Total Allocation, By Region
30.0%
25.0%
20.0%
15.0%
10.0%
5.0%
0.0%
Northeast
Southeast
Central
Midwest
Northwest
Southwest
January 2012


Graph 4: QECB Issuances by Region
$350,000,000
$300,000,000
$250,000,000
$200,000,000
$150,000,000
$100,000,000
$50,000,000
$0
Northeast
Southeast
Central
Midwest
Northwest
Southwest
Amount Issued
January 2012


Graph 5: Proportion of Allocations Utilized, by Region
January 2012
%Issued of Allocated
Southwest
57.5%
Northwest
12.5%
Midwest
17.4%
Central
14.2%
Southeast
6.0%
Northeast
10.9%
0.0%
10.0%
20.0%
30.0%
40.0%
50.0%
60.0%
70.0%


Graph 6: QECB Uses
28%
72%
QECB Issued for School Projects
QECBs Issued for Other Uses
January 2012



Notes on Tables 1A, 1B, and Charts 1 - 7

1. Although IRS collects information on QECB issuances on Form 8038-TC, no government agency is currently sharing QECB issuance information. As such, it is not possible to ascertain the exact number and quantity of QECB issuances to date. The information attached hereto has been gathered from various sources, including IRS Notice 2009-29, Municipal Securities Rulemaking Board, Department of Energy, Lawrence Berkeley National Laboratory, Wells Fargo, state and local issuer websites, and government contacts.
2. Figures are rounded up.

April 3, 2012

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair

COMMITTEE ON WAYS AND MEANS
Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair

HEARING:
Wednesday, April 4, 2012
8:45am in Conference Room 211

RE: **In Support of House Bill 1033**

Dear Chair Baker and Chair Ige,

The State of Hawaii must be extraordinarily proud for having produced some of the greatest leaders our country has in Washington. In recent years, President Obama, Senators Inouye and Akaka, and Congresswomen Hanabusa and Hirono have been powerful advocates for clean economy initiatives that drive investment, protect our environment and put Americans back to work.

Yet as we all know, even with Hawaii's great leadership in Washington, partisan gridlock has ground the federal government nearly to a halt. And on issues as crucial to our nation's vitality as energy and the economy, we simply cannot afford to wait for Washington politics to catch up with the pressing needs of business leaders and state and local governments.

In President Obama's recent State of the Union, he spoke to the pressing need for the United States to be a global leader in clean energy. It was one of the centerpieces of his speech. And in his very first commercial for re-election, the President cited the 2.7 million clean economy jobs his policies have created nationwide. Indeed, in nearly every respect, clean economic development is one of the central issues upon which President Obama has staked his presidency and his re-election.

But President Obama can't do it alone. He needs state partners to help him deploy existing technologies and scale-up the clean economy industries that will create jobs, secure America's energy independence and make us more competitive in the global economy.

CLEAN
ECONOMY
DEVELOPMENT
CENTER

In the absence of federal leadership, a handful of states have initiated efforts to launch clean energy financing and investment funds. Connecticut is the most notable example.

I write today in support of House Bill 1033 because the people of Hawaii need a new partner, a clean economy investment fund; and they are not going to get it from Washington. In the absence of federal action, we need Hawaii, a state with strong leaders committed to clean energy and the environment, to step forward and establish a clean economy investment fund that will work alongside commercial banks to co-invest in businesses, technologies and clean economy projects that help Hawaii improve the way it uses energy, water and waste.

A Clean Economy Investment Fund for Hawaii will still be a good idea next year, but it is critical for Hawaii to establish its Investment Fund this year. By establishing its Investment Fund this year, Hawaii will be able to capture sunsetting Recovery Act dollars, some of which are still in Washington, DC. Hawaii will also be able to attract seed capital from foundations such as the Rockefeller and Energy Foundations. Next year, Hawaii will have to compete for this funding against states like California, Washington, Illinois and New York. Hawaii should seize this present opportunity and continue to lead the way in clean energy financing and technology.

The hearing today on House Bill 1033 is a crucial step toward the creation of an essential new partner for the people of Hawaii. I applaud your leadership and look forward to supporting your ongoing efforts in any way I can.

Sincerely,

Colin Bishopp
Senior Advisor

Clean Economy Development Center
3537 New Hampshire Avenue NW | Washington, DC 20010

399 PARK AVENUE
5TH FLOOR
NEW YORK, NEW YORK 10022

MOELIS & COMPANY

T 212.883.3800
F 212.880.4260

TO: COMMITTEE ON COMMERCE AND CONSUMER PROTECTION: Senator Rosalyn H. Baker, Chair and Senator Brian T. Taniguchi, Vice Chair

COMMITTEE ON WAYS AND MEANS: Senator David Y. Ige, Chair and Senator Michelle N. Kidani, Vice Chair

HEARING:
Wednesday, April 4, 2012
8:45am in Conference Room 211

FROM: Alfred Puchala
Managing Director – Public Sector
Moelis & Company

REGARDING: In Support of HB1033

Dear Chair Baker and Chair Ige:

Thank you for the opportunity to present testimony in support of HB1033. My name is Al Puchala and I am currently a Managing Director at Moelis & Company, a global, independent financial advisory firm. In my current role, I help bring the firm's expertise in dealing with complex financial situations from the private sector to applicable areas of the public sector. I have over 30 years of Investment Banking and Merchant Banking experience and have run an SBIC. Notable past transactions include the establishment of the US Russia Investment Fund and the privatization of British Telecom.

Moelis & Company is a global investment bank that provides financial advisory and capital raising services to a broad client base, including corporations, governments and institutions. Specific financial advisory roles include advising on recapitalizations and restructurings, mergers & acquisitions, leveraged buyouts, asset sales, divestitures, spin-offs, and debt and equity capital markets transactions. Unlike most global investment banks, Moelis & Company is independent, employee controlled, largely employee-owned, and advisory-focused. The firm has been recognized by various publications such as Euromoney and The Banker as the "Best Global Independent Investment Bank for 2010" and "Most Innovative Boutique of the Year for 2010 and 2011."

One of the major hurdles in the development of "green" energy sources is the cost advantage maintained by fossil fuel power sources. While up-front capital costs have steadily declined for

renewable power generation, project rates of return, oftentimes regardless of aggressive fuel cost assumptions, remain more attractive for fossile fuel energy projects. The declining green equipment cost for green energy projects remains offset by the time value of money as green energy projects require higher initial investment than most fossil fuel energy projects. Green energy projects have needed, and still need assistance in closing the cost gap between fossil fuel and green power sources. This issue will be exacerbated as current tax credits are set to expire. An efficient means for the State to close the cost gap is to reduce financing costs. By setting up a financing source, with the hopes of that source achieving a self-funded status, it is possible to ensure a continued cost leveling rather than the temporary offset of a tax incentive or grant only program (grant only programs are not only finite but can have large fiscal implications). Additionally, financing costs can be used by the State as a way to reduce project cost without excessive market interference as is the case in governmental bodies making direct investments in, or providing grants to, specific companies or to support one specific technology.

A Green Fund will fill an important role in green energy project finance, supplementing traditional commercial financing sources with a low cost tranche to lower the overall cost of funding. This reduction in cost is often the difference between a project getting over the final hurdle or not being implemented. A Green Fund will not replace commerical financing sources but will fill a critical area of need. By establishing a Green Fund with defined social and monetary scope, commercial financing sources will better understand the Green Fund's role and reach, and will be able to better integrate their own financing tools with those of the Green Fund.

There are many cases of federal, state and local governments utilizing a reduction in financing cost to spur growth in particular areas. From the Small Business Administration, to the Overseas Private Investment Corporation (OPIC), the government has often chosen reduction in financing costs as the preferred method for directed market support, avoiding the government having to choose investments in specific companies or artificially prop-up markets for finite times with tax incentives. Additionally, it is possible for the cost reduction effort to be self-sustaining as is the case with OPIC, the Export-Import Bank and the FHA among numerous others.

I would be happy to provide additional information on this topic if required. Thank you.

Sincerely,

Alfred Puchala

SONOMA COUNTY WATER AGENCY

CRD-3-28 FEDERAL LEGISLATION

March 19, 2012

The Honorable Mike Gabbard
Chair
Senate Committee on Energy and Environment
Hawaii State Capitol
415 South Beretania Street
Honolulu, HI 96813

RE: IN SUPPORT OF HOUSE BILL 1033 RELATING TO THE CLEAN ECONOMY BANK

Dear Chair Gabbard, Vice-Chair English and members of the Committee:

I write to support House Bill 1033 and the creation of the nation's first clean economy bank.

Investors, business leaders and local government officials agree that in order to accelerate the deployment of new technologies, replicate successful financing models across the country and attract greater investment from the private sector, the United States needs a clean economy bank. Efforts at the federal level to create a national clean economy bank have not yet been successful, but the need for such a bank remains paramount.

The clean economy bank outlined in HB 1033 contains a signature innovation. It would allow other states and municipalities to "opt-in," effectively creating a first-of-its-kind, national clean economy bank for all the state and local governments that choose to participate. The aligned resources of the participating governments will spur investment and open new markets to the industries that will save energy, reduce carbon emissions and make the United States more competitive in the global economy.

We applaud Hawaii's leadership and look forward to working with you in the days and years ahead.

Sincerely,

Grant Davis
General Manager

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404 Aviation Boulevard - Santa Rosa, CA 95403-9019 - (707) 526-5370 - Fax (707) 544-6123 - www.sonomacountywater.org/

Applied Solutions
LOCAL GOVERNMENTS BUILDING A CLEAN ECONOMY

1707 N Street NW
Washington, DC 20036
(202) 465-7156
www.AppliedSolutions.org

April 3, 2012

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair

COMMITTEE ON WAYS AND MEANS
Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair

HEARING:
Wednesday, April 4, 2012
8:45am in Conference Room 211

RE: In Support of HB1033

Dear Chair Baker and Chair Ige:

Please accept this letter in strong support of HB1033 for the establishment of a Clean Economy Fund. The Fund would respond directly to the priority need of municipalities across the country to have access to lower cost capital. Through QECBs and other unobligated monies under ARRA in excess of more than $2.5 billion, the Fund could be capitalized through other states, municipalities and territories. The Fund would spur desperately needed opportunities for job creation and cost savings through energy efficiency and make Hawaii a leader for developing solutions to address the challenges of job creation and energy security both locally and nationwide.

Applied Solutions works with cities and counties across the country to identify, design and implement clean energy actions. The Clean Economy Fund will provide an immediate solution to local governments across the US ready to advance the clean economy through local actions in their communities.

Thank you in advance for your consideration and your leadership on HB1033.

Best,

Michelle Wyman
Executive Director

April 3, 2012

COMMITTEE ON COMMERCE AND CONSUMER PROTECTIONS
Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair

COMMITTEE ON WAYS AND MEANS
Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair

HEARING:
Wednesday, April 4, 2012
8:45AM in Conference Room 211

Re: In Support of HB1033 SD2 Proposed

Dear Chair Baker and Chair Ige:

Thank you very much for the opportunity to submit testimony on HB1033 SD2 Proposed. I serve as the CEO of the Coalition for Green Capital and I serve on the board of the Connecticut Energy Finance and Investment Authority (CEFIA).

I urge you to pass this bill and give Hawaii the second state green fund in the United States. In this way Hawaii will join Connecticut as the two leading states to support their commercial and community banking sectors in providing low cost, long term loans and other financial support that will make energy cheaper, cleaner and more reliable.

The Connecticut legislature passed a comprehensive energy bill that established the nation's first green fund in 2011 (bill No. 1243), with a unanimous 36-0 vote in the State Senate and a 139-8 vote in the State Assembly. The new law created CEFIA, a quasi-public corporation with what is called a double bottom line – namely, the provision of capital by means of loans and the guarantee of loans by commercial banks with the goal of creating a public good (such as clean energy) while at the same time remaining a sustainable organization that in effect breaks even on its financing activities.

It is this sort of quasi-public financing activity that I urge Hawaii to create.

It is not an accident that Connecticut and Hawaii, at nearly the opposite geographic ends of the United States, should both be desirable states for entities focused on clean energy and energy efficiency. Hawaii and Connecticut rank together near the top in the list of states with high prices for electricity. Neither state depends as of now on sustainable energy sources from within its boundaries. Hawaii is extremely dependent on expensively transported oil; Connecticut is very dependent on electric power generated in distant locations and expensively carried on transmission lines into the state. In both states, then, it is a matter of urgency for residential and

business consumers to obtain cheaper energy. In both states, most citizens desire cleaner energy because the dangers of environmental degradation are deeply appreciated by everyone.

Of course, there are many possible variations on the form and function on a state green fund. Already more than ten other states are in discussion with the Coalition for Green Capital, the Brookings Institute, and the University of California at Berkeley on versions of state green funds that might be implemented by them. The United States House of Representatives passed a green fund called the Clean Energy Deployment Administration as a bipartisan amendment to the Waxman-Markey climate change bill, the American Clean Energy and Security Act of 2009. The United States Senate Energy and Natural Resources Committee passed a bill containing a very similar CEDA as well in 2009. The Senate declined to vote on any broad energy-related bill before adjourning in 2010. As a result states have moved into the vacuum of federal action by initiating the move to create long term low cost financing through their own mechanisms.

In general, state green funds are being welcomed by commercial banks for at least three reasons. *First*, the state authorities do not take deposits in competition with commercial banks. *Second*, by providing low cost loans and loan guarantees, green funds can greatly expand the number of projects that can be built, many of which would be funded by a combination of green fund and commercial banks loans, because a low cost tranche of financing is often needed to lower the cost of the project enough to enable it to go forward. *Third*, the state authorities usually outsource for a fee many of their due diligence and loan servicing functions, producing new income for local commercial banks.

State green funds are also being welcomed by utilities, particularly where the utilities are under the obligation to obtain some percentage of their electricity from renewable sources or where they have a regulatory requirement to reduce dangerous emissions from carbon-based fuels. In these cases, low cost and long term financing can help utilities follow the law, while providing electricity at a rate comparable to their rate from existing sources while maintaining their profit margins.

State green funds currently under discussion appear to have some if not all of the following sources of capital:

1. Federal appropriations, such as through the "stimulus law," the American Recovery and Reinvestment Act.
2. Foundation grants, given that state green funds are typically non-profits.
3. Bonds, issued either by the state or by the state green bank itself.
4. The allocation of utility charges, such as system benefit charges or line charges, which might currently be used for grants but can more efficiently be converted into capital that supports loans as much as ten times greater in amount than the grants.
5. Such state appropriations as a legislature might want to make for special purposes from time to time.
6. The return to capital of fees and interest charges, so that the state green funds becomes a self-sustaining revolving fund, much like a nonprofit community bank.
7. The addition of private capital that can have a higher expectation of return, like a preferred stock.

8. Contributions from other state authorities for jointly financed projects. (Although Hawaii's distance makes it unlikely that any project would be physically shared by other states, it is not at all unlikely that a portfolio of loans or guarantees might be shared with a similar portfolio from other states so as to obtain better value from third party purchasers.)

State green funds currently focus on at least the following areas of finance:

1. Guaranteeing loans made by commercial banks.
2. Combining state tax incentives and state grants for sustainable energy with financing so as to obtain the most cost effective incentive for private investors to commit to energy projects.
3. Making loans to sub-scale projects that commercial banks cannot afford to finance on an individual basis, such as rooftop solar panels.
4. Providing due diligence and planning, and standardizing certain financial documents, so as to reduce transaction costs for commercial banks.
5. Aggregating loans to sub-scale projects so that commercial banks and others can purchase bundles of such loans – also called securitization.

State green funds currently are discussing the following targets for investment:

1. Installation of solar panels for generating distributed electricity from rooftops of residential, commercial, and government buildings.
2. Providing financial support for Energy Service Companies that would in turn support energy savings performance contracts with residential, commercial and government customers.
3. Providing a layer or tranche of long term low cost loans or loan guarantees to wind, solar, and natural gas power generation which when coupled with a power purchase agreement by a utility or other reliable customer could attract private capital with adequately profitable returns. (This is a type of "structured finance" product.)
4. Extending natural gas distribution lines so as to take advantage of the current and prospective low price of natural gas relative to oil – currently oil is eight times more expensive than natural gas when these two fuels are compared on an energy equivalence basis.

An interesting potential project in Oahu, Hawaii, for example, is the gasification of construction and demolition debris through steam turbine technology. With a net output of between six and seven megawatts, Hawaiian Electric Company would be the buyer. This waste-to-energy conversion project would reduce dependency on imported oil, would create two years of development and construction jobs, and ultimately more than 400 indirect jobs. However, because of doubts about whether the project could be put into commercial operation before the federal Investment Tax Credit expires at the end of 2013, equity investors are, I am informed and believe, currently reluctant to commit to the project.

How to solve this problem? There is a project that would benefit Hawaii in numerous ways, that has been planned and studied, that has attracted private investors, but all the pieces have not yet been pulled together. The solution: If there were a Hawaiian green fund, it could prove

backstop funding capability to investors in this project at terms that would substitute for the ITC if that proved unavailable.

As you consider the important issues surrounding the governance of state green funds, I urge you to consider at least six issues in your deliberation.

1. Does the fund have the appropriate executive leadership? Retired community and local bankers and project developers are proven to be desired candidates for executive roles, even on a part time or short term basis.
2. Can the fund hire experienced advisers
3. Will the fund adopt accounting and organizational processes that resemble the appropriate private sector models?
4. Can the fund obtain the guidance of a board of directors or a board of advisers that includes an adequate mix of expertise? Typically, the mix should include some or all of the following backgrounds and disciplines: energy investing, labor and workforce management, financial products, utility regulation, and energy policy.
5. Should the board of directors or advisers be appointed by the executive branch, the legislative branch, a public process, or some mixture of these methods?
6. Is it important to seal off the fund from the state regulatory process so as to avoid conflicts of mission or interest?

In addition, attached is an appendix with comments on the draft bill HB1033 SD2 proposed.

Give the failure of the federal government to pass comprehensive energy legislation in 2009-2010, the center of gravity for new measures supporting cleaner, cheaper, more reliable energy has shifted to the states. This is not unusual in the history of our federalism. Most major reforms to utility sectors of the economy have been led at the state level, and the federal government has followed. It is especially appropriate for the two states with the highest prices for electricity to take leadership in showing how long term, low cost financing, coupled with private sector investing in equity and in debt, can expand greatly the total amount of investment in energy generation, transmission and consumption without raising electricity prices and with reductions in dangerous emissions into the atmosphere and/or groundwater. For that reason, I urge Hawaii to join Connecticut in the ranks of leaders in creating a state clean energy fund.

Respectfully submitted,

Reed E. Hundt
CEO, Coalition for Green Capital

Appendix A:
Technical Comments on HB1033, (HD1; SD2) (as proposed)

Provisions contained in HB1033 (HD1; SD2) (as proposed)

Clean Energy Special Account

- Creates a "Clean Energy Special Account" within the "Energy Security Special Fund" in the Department of Business, Economic Development and Tourism

- The Clean Energy Special Account may accept any funds that can be used for the purposes of the Special Account, including charitable gifts, grants, contributions, and loans from individuals, corporations, and philanthropic groups

- The Clean Energy Special Account may pool the federal qualified energy conservation bond (QECB) allocations to Hawaii and other states, territories and municipalities in order to issue such pooled QECBs on behalf of participating states, territories and municipalities (see below)

- Funds held in the Clean Energy Special Account shall be used to provide financing support for qualified clean economy projects that employ commercially viable technologies; are capable of being carried out in a commercially viable manner within the State or a participating state, territory, or municipality; and remain current on interest and debt payment obligations

- Expenditures of funds held in the Special Account are subject to legislative appropriation

Qualified Energy Conservation Bonds

- The Clean Energy Special Account may pool the QECB allocations to Hawaii and other states, territories and municipalities in order to issue such pooled QECBs on behalf of participating states, territories and municipalities

- The Department of Business, Economic Development and Tourism (Department) shall assess a fee of up to 2% of the pooled QECBs issued by the Clean Energy Special Account.

- Fees assessed and collected for pooled QECBs issued by the Clean Energy Special Account, minus any money retained by the Department to cover its administrative costs for the Clean Energy Special Account, shall be divided with 50% deposited in the Clean Energy Special Account and 50% deposited into the state general fund

Recommendations to Improve Effectiveness of HB1033

- To maximize its effectiveness, the Clean Energy Special Account should develop a full suite of financing support options for qualified clean economy projects

- To maximize leverage, the Clean Energy Special Account should have the flexibility to partner with private sector financial institutions to provide financing support for qualified clean economy projects

- To maximize the effectiveness of the financing support provided by the Clean Energy Special Account, an advisory committee of experts in general finance and clean energy finance should be created to develop recommendations for the activities of the Special Account; properly vet (in partnership with private sector financial institutions) projects receiving financing support from the Special Account; and recommend whether to provide financing support to specific projects

- To maximize the effectiveness and political independence of the Clean Energy Special Account, funds held in the Special Account shall require legislative appropriation only to the extent such expenditures are (i) funds contributed to the Special Account from public sources in Hawaii; and (ii) not already authorized by the legislature (i.e., approval of expenditures of the public benefits fee by the Hawaii Public Utilities Commission).

    - Requiring legislative appropriation for expenditures of privately-sourced capital or QECB allocations from entities outside of Hawaii would significantly impair the ability of the Special Account to attract private investment capital; create a major obstacle to the ability to leverage outside funding sources; and frustrate the ability of the Special Account to fulfill its objectives

    - To ensure appropriate oversight of the activities of the Clean Energy Special Account, all expenditures not requiring legislative approval shall be made by an administrator of the Special Account in consultation with the Advisory Committee

- To ensure the Special Account is able to take advantage of the unique opportunity of pooling QECBs and other unspent federal stimulus funds from entities outside of Hawaii, the Special Account should be granted authority to pool and issue these QECBs without additional legislative action. Requiring legislative appropriation of these limited-time federal funds may prevent the Special Account from accessing these funds, frustrating the objective of this legislation.

    - The legislature should retain appropriation authority for qualified clean economy projects in Hawaii, but the legislation should be amended to provide appropriation authorization for these time-sensitive QECB resources

April 3, 2012

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair

COMMITTEE ON WAYS AND MEANS
Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair

HEARING:
Wednesday, April 4, 2012
8:45am in Conference Room 211

RE: In Support of HB1033:

Dear Chair Baker and Chair Ige:

I am flying to Hawaii from Washington, DC to express my strong support for HB1033. By creating the Clean Economy Fund this year, the legislature will significantly strengthen Hawaii's position as a national center of the emerging clean energy economy.

I commend this committee for its work on the proposed Senate draft and I thank you for the opportunity to explain my support in person.

Sincerely,

Mike Bowman
25x25 America's Energy Future

April 2, 2012

TESTIMONY BY Stuart Zinner UH Maui College Energy Management Lab Project Director

TO THE SENATE JOINT COMMITTEE ON COMMERCE AND CONSUMER PROTECTION AND WAYS AND MEANS COMMITTEES ON HOUSE BILL NO.1033 HB1 SD2

RELATING TO PUBLIC FINANCE

Hearing:
Wednesday, April 4, 2012
8:45 AM
Conference Room 211
State Capitol

Aloha Chairs Baker and Ige, Vice Chairs Taniguchi and Kidani, and Commerce and Consumer Protection and Ways and Means Committee Members;

I STRONGLY support HB 1033 HD1 SD2 as proposed which establishes the Clean Economy Fund for the State of Hawai'i to provide financing support and risk management for qualifying clean economy projects to aid in development of Hawaii's clean energy economy and to lessen the State's dependence on imported energy.

I support the purposes of the Clean Economy Fund for the State of Hawaii, including:

(1) Enabling the State, along with other participating states, territories, and municipalities to leverage aligned resources and collective influence to build a national clean economy that creates jobs, reduces carbon emissions, and ensures our nation's energy security;

(2) Supporting clean economic development within the State and within participating states, territories, and municipalities, by increasing access to capital for local governments, businesses, and non-profits in partnership with local financial institutions;

(3) Lessening the burden on the State and other participating states, territories, and municipalities of financing qualified renewable energy, renewable energy transmission, energy efficiency, distributed generation, and oil-saving projects and technologies; zero- or low-carbon transportation; clean energy manufacturing; municipal water efficiency; municipal waste efficiency; job training for energy efficiency projects; and for other related purposes;

I am particularly supportive of financing zero and low-carbon transportation.

Thank you for the opportunity to provide testimony on this bill.

Respectfully submitted,

Stuart Zinner UH Maui College Energy Management Lab Project Director

April 2, 2012

TESTIMONY BY **Douglas Grandy, Principal, DG Technologies, and Publisher, California Onsite Generation Regulatory and Policy Update, and Policy Committee Member, Maui Electric Vehicle Alliance**

TO THE SENATE JOINT COMMITTEE ON COMMERCE AND CONSUMER PROTECTION AND WAYS AND MEANS COMMITTEES ON HOUSE BILL NO.1033 HB1 SD2

RELATING TO PUBLIC FINANCE

Hearing:
Wednesday, April 4, 2012
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State Capitol

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(2) Supporting clean economic development within the State and within participating states, territories, and municipalities, by increasing access to capital for local governments, businesses, and non-profits in partnership with local financial institutions;

(3) Lessening the burden on the State and other participating states, territories, and municipalities of financing qualified renewable energy, renewable energy transmission, energy efficiency, distributed generation, and oil-saving projects and technologies; zero- or low-carbon transportation; clean energy manufacturing; municipal water efficiency; municipal waste efficiency; job training for energy efficiency projects; and for other related purposes;

I am particularly supportive of financing zero and low-carbon transportation.

Thank you for the opportunity to provide testimony on this bill.

Respectfully submitted,

Douglas M. Grandy, P.E.
Principal, DG Technologies
Member Maui EVA

COMMITTEE ON COMMERCE AND CONSUMER PROTECTION
Senator Rosalyn H. Baker, Chair
Senator Brian T. Taniguchi, Vice Chair

COMMITTEE ON WAYS AND MEANS
Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair

HEARING:
Wednesday, April 4, 2012
8:45am in Conference Room 211

RE: In Support of HB1033

Dear Chair Baker and Chair Ige:

I am writing to support the passage of HB1033. As I have said in previous testimony on this measure, by creating the Clean Economy Fund this year, the legislature will significantly strengthen Hawaii's position as a national center of the emerging clean energy economy.

I am attaching two letters in support of HB1033 that were submitted as testimony on March 19 before the Senate Committee on Energy and Environment. We have confirmed that both parties remain supportive of the legislation, but were unable to submit testimony on time for this hearing.

Rep. Jules Bailey, the co-chair of the Oregon House Energy Environment and Water Committee, traveled to Hawaii last month to give his testimony in person. I had the opportunity to speak to Rep. Bailey at length during his time in Hawaii and I was impressed by his strong belief that passage of HB 1033 would open significant opportunities for collaboration with the State of Oregon in a manner that would be of benefit to the people of Hawaii.

Thank you for the opportunity to submit testimony.

Mahalo,
Ian Chan Hodges
Haiku, Hawaii

Testimony for CPN/WAM 4/4/2012 8:45:00 AM HB1033

Conference room: 211
Testifier position: Support
Testifier will be present: No
Submitted by: Javier Mendez-Alvarez
Organization: Individual
E-mail: mendezj@hawaii.edu
Submitted on: 4/2/2012

Comments: