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Honolulu, Hawaii

APR 26 2013

RE: S.B. No. 1087
S.D. 2
H.D. 3
C.D. 1

Honorable Donna Mercado Kim
President of the Senate
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Honorable Joseph M. Souki
Speaker, House of Representatives
Twenty-Seventh State Legislature
Regular Session of 2013
State of Hawaii

Madam and Sir:

Your Committee on Conference on the disagreeing vote of the Senate to the amendments proposed by the House of Representatives in S.B. No. 1087, S.D. 2, H.D. 3, entitled:

"A BILL FOR AN ACT RELATING TO GREEN INFRASTRUCTURE,"

having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this measure is to establish a regulatory financing structure that authorizes the Public Utilities Commission and the Department of Business, Economic Development, and Tourism to acquire and provide low-cost financing, to be deployed through a financing program to make green infrastructure installations accessible and affordable for Hawaii's consumers; achieve measurable cost savings; and achieve our State's clean energy goals.

Specifically, this measure:

- (1) Establishes the Hawaii Green Infrastructure Loan Program;



- (2) Establishes the Hawaii Green Infrastructure Authority within the Department of Business, Economic Development, and Tourism;
- (3) Authorizes the creation of green infrastructure property consisting of all property, rights, and interests of the Hawaii Green Infrastructure Loan Program, which shall vest in the Department of Business, Economic Development, and Tourism for the purpose of securing bond amounts payable under the Loan Program, and other financing costs;
- (4) Establishes the Hawaii Green Infrastructure Bond Fund to be administered by the Department of Business, Economic Development, and Tourism and to receive proceeds of the Green Infrastructure Fee and Green Infrastructure property;
- (5) Establishes the Hawaii Green Infrastructure Special Fund to receive proceeds of the Loan Program and other monies and to be expended on the operations of the Loan Program, including through credits to electric utility customers for reimbursement of excess Green Infrastructure Charge collected;
- (6) Authorizes the Department of Business, Economic Development, and Tourism to issue up to \$200,000,000 in revenue bonds to establish and administer the Hawaii Green Infrastructure Loan Program;
- (7) Appropriates unspecified amounts for fiscal years 2013-2014 and 2014-2015 to the Department of Business, Economic Development, and Tourism out of the Hawaii Green Infrastructure Special Fund; and
- (8) Appropriates unspecified amounts for fiscal years 2013-2014 and 2014-2015 to the Department of Business, Economic Development, and Tourism out of the Hawaii Green Infrastructure Bond Fund.

Your Committee on Conference finds that significant investment in infrastructure must be made to achieve the State's goals of energy self-sufficiency and greater energy security and diversification, and to support the achievement of the Renewable Portfolio Standards and Energy Efficiency Portfolio Standards. Your Committee on Conference further recognizes that these green infrastructure installations will support Hawaii's evolving energy



market and ecosystem and provide affordable and accessible energy options for Hawaii's consumers.

Your Committee on Conference further finds that up-front costs of green infrastructure equipment are a barrier preventing many electric utility customers from investing in these installations and benefiting by achieving lower energy costs. Existing programs may not serve the entire spectrum of the consumer market, particularly those consumers who lack access to capital or who cannot afford these up-front costs, thereby creating an underserved market. This measure will establish a means of acquiring and providing alternative low-cost financing to underserved markets, enabling the installation of green infrastructure equipment in those markets.

Your Committee on Conference notes its concerns that there may be technical barriers to reaching higher penetration levels of intermittent power while maintaining acceptable reliability and safety standards for all electric ratepayers. Thus, it is important to continue to consider a diverse portfolio of energy options while also continuing to pursue ways to integrate increased levels of intermittent power onto the grid.

Your Committee on Conference also notes that because of the quickly evolving energy market, it will be important to evaluate the effectiveness and reach of these programs, including their effectiveness in reaching underserved markets. The study will determine if the allowable use of program proceeds shall be expanded or revised in order to best serve all of Hawaii's consumers and achieve our State's energy goals. This study will also look into new types of energy technologies and existing energy technologies not included in the initial implementation of the loan program that may be available to provide affordable energy options. It will be important to ensure the Loan Program has enough time to provide meaningful data and analysis on these issues in order to provide recommendations on how to best revise the loan program.

Your Committee on Conference has amended this measure by:

- (1) Adding language to further articulate the intent of the measure to support Hawaii's evolving energy market to provide affordable and accessible energy options for consumers;
- (2) Specifying an appropriation amount of \$100,000,000 from the Hawaii Green Infrastructure Special Fund for fiscal years 2013-2014 and 2014-2015;



- (3) Specifying an appropriation amount of \$10,000,000 from the Hawaii Green Infrastructure Bond Fund for fiscal years 2013-2014 and 2014-2015;
- (4) Requiring the Hawaii Green Infrastructure Authority to conduct a study during the 2015 calendar year on the effectiveness and affordability of its activities and programs, and submit a report to the Legislature no later than twenty days prior to the convening of the Regular Session of 2016; and
- (5) Making this measure effective upon its approval; provided that the appropriations shall be effective on July 1, 2013.

As affirmed by the record of votes of the managers of your Committee on Conference that is attached to this report, your Committee on Conference is in accord with the intent and purpose of S.B. No. 1087, S.D. 2, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1087, S.D. 2, H.D. 3, C.D. 1.

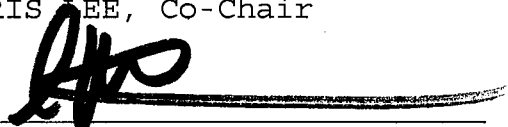
Respectfully submitted on behalf of the managers:

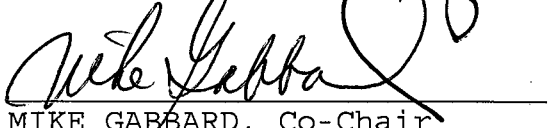
ON THE PART OF THE HOUSE

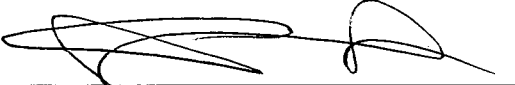
ON THE PART OF THE SENATE


CHRIS LEE, Co-Chair


DONOVAN M. DELA CRUZ, Chair


ANGUS L.K. MCKELVEY, Co-Chair


MIKE GABBARD, Co-Chair


SYLVIA LUKE, Co-Chair


ROSALYN H. BAKER, Co-Chair


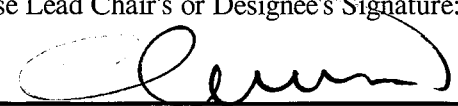

DAVID Y. IGE, Co-Chair



Hawaii State Legislature

CLR 92

Record of Votes of a
Conference Committee

Bill / Concurrent Resolution No.: SB 1087, SD 2, HD 3					Date/Time: 4/25/13 2:45pm				
<input checked="" type="checkbox"/> The recommendation of the House and Senate managers is to pass with amendments (CD).									
<input type="checkbox"/> The Committee is reconsidering its previous decision.									
<input type="checkbox"/> The recommendation of the Senate Manager(s) is to AGREE to the House amendments made to the Senate Measure					<input type="checkbox"/> The recommendation of the House Manager(s) is to AGREE to the Senate amendments made to the House Measure.				
Senate Managers	A	WR	N	E	House Managers	A	WR	N	E
DELA CRUZ, Donovan M., Chr.	/				LEE, Chris, Co-Chr.	/			
GABBARD, Mike, Co-Chr.	/				MCKELVEY, Angus L.K., Co-Chr.	/			
BAKER, Rosalyn H., Co-Chr.	/				LUKE, Sylvia, Co-Chr.	/			
IGE, David Y., Co-Chr.	/				CULLEN, Ty J.K.	/			
KOUCHI, Ronald D.	/				THIELEN, Cynthia	/			
TOTAL	5				TOTAL	5			
A = Aye		WR = Aye with Reservations			N = Nay		E = Excused		
Senate Recommendation is:					House Recommendation is:				
<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted					<input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted				
Senate Lead Chair's or Designee's Signature:					House Lead Chair's or Designee's Signature:				
									
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