

FINTestimony

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From: mailinglist@capitol.hawaii.gov
Sent: Sunday, February 24, 2013 5:15 PM
To: FINTestimony
Cc: lhoshijo-hrcc@hawaii.rr.com
Subject: *Submitted testimony for HB856 on Feb 25, 2013 15:30PM*

HB856

Submitted on: 2/24/2013

Testimony for FIN on Feb 25, 2013 15:30PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Hawaii Regional Council of Carpenters	Hawaii Regional Council of Carpenters	Support	Yes

Comments:

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LATE

HOUSE COMMITTEE ON FINANCE
 February 25, 2013, 3:30 P.M.
 Room 308
(Testimony is 3 pages long)

TESTIMONY IN STRONG SUPPORT OF HB 856 HD2

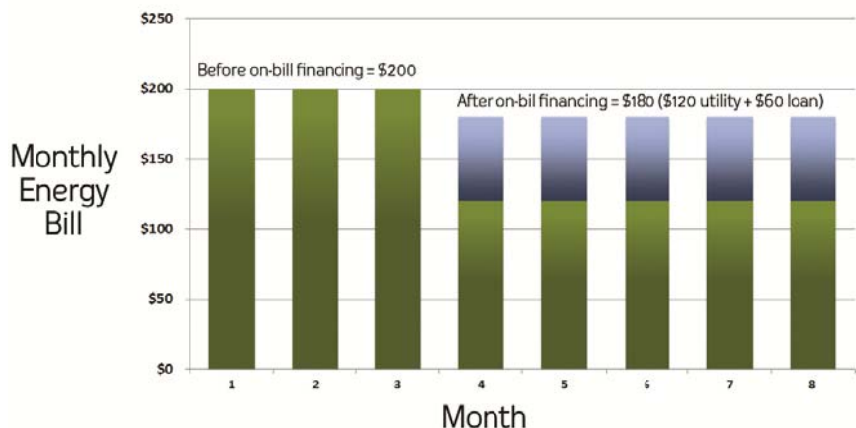
Chair Luke and members of the Finance Committee:

The Blue Planet Foundation strongly supports HB 856 HD2, enabling the Green Infrastructure Financing Program (“Green Financing”), **with one requested housekeeping amendment** described below.

Fossil fuel prices have all of us looking for solutions to reduce the increasing burden of energy bills. With every shipment of fossil fuels that arrives at our shores, more of our limited dollars are leaving the state instead of paying down our mortgages, or educating our keiki, or investing in our future. Thankfully, hope has arrived in the form of “on-bill financing,” approved by the legislature in 2011, and currently the subject of a Public Utilities Commission (“PUC”) docket.

In that docket, the PUC engaged a professional consultant to examine the viability of on-bill financing for Hawai‘i, and to specify elements of a successful on-bill financing program. The consultant ultimately concluded that “an on-bill finance program will be effective for Hawai‘i.”

Implemented properly, on-bill financing can make energy efficiency, clean energy, and demand response more accessible for residents and businesses; this will reduce our energy bills and accelerate progress toward Hawai‘i’s energy independence.



On-bill financing overcomes the biggest hurdle to energy efficiency and clean energy: the up-front cost. By eliminating the initial cost and enabling ratepayers to pay off the investment directly from energy savings over time, adoption of efficiency and clean energy will accelerate. This will directly benefit participating ratepayers, via lower energy bills. To achieve this, the on-bill program must identify appropriate sources of capital for the program.

Green Financing can be one such source of capital, and offers several critical benefits:

- (1) It can be an “anchor” funding source, ensuring program feasibility irrespective of the scope or magnitude of private funding sources that wish to participate in the on-bill program;
- (2) It can ensure that the on-bill program includes equitable financing options for all residents, including residents who are otherwise unable to access traditional sources of private capital for energy improvements, such as renters and low-income households;
- (3) It can unlock large-scale private capital markets, pushing down the cost of capital, and making energy efficiency and clean energy even more cost effective for ratepayers;
- (4) Green Financing bonds do not become a state liability; thus, the on-bill program catalyzes private investment in our energy infrastructure;
- (5) It does not raise costs for energy ratepayers; the Green Financing fee established by HB 856 can simply utilize a portion of the existing Public Benefits Fee,¹ and bond repayments will be made by the program participants (i.e. the ratepayers whose energy bills will be reduced by energy improvements).

HB 856 HD2 is necessary to establish the mechanisms and safeguards necessary to make these benefits achievable for Hawai'i's ratepayers. Blue Planet respectfully asks that this committee forward HB 856 HD2, to help lower the cost of energy for residents statewide while helping Hawai'i achieve its clean energy goals.

Blue Planet requests one amendment to HB 856:

As currently drafted, § 269A defines “electric utilities” to mean “all electric utilities subject to collecting and remitting the public benefit fee pursuant to section 269-121, at the time the financing order becomes final.” Currently, Kaua'i's utility does not collect and remit the public benefit fee – thus this language may preclude the participation of Kaua'i's ratepayers in on-bill financing.

¹ During the technical session established by the PUC in the on-bill financing docket, the current Public Benefits Fee administrator indicated that a portion of existing PBF program funds could indeed be used for the purpose of securing financing via mechanisms like the one proposed in HB 856 HD2, with enabling legislation such as that proposed by HB 856 HD2.

Blue Planet believes that it is important to make on-bill financing, and its funding mechanisms, accessible to Kaua'i's residents and business. In the on-bill financing docket, we have requested that the PUC establish a deadline for Kaua'i's utility to submit an on-bill financing program to the PUC for approval, or that Kauai be incorporated into the larger on-bill program. By amending the language in § 269A, the PUC will be afforded the flexibility to determine how/whether Kaua'i will be included in the on-bill program. We propose the following revised definition of "electric utility" in § 269A:

"Electric utilities" means all electric utilities subject to collecting and remitting the public benefit fee pursuant to section 269-121, at the time the financing order becomes final, and any other electric utility designated in the financing order.

We also respectfully request that this measure be amended to include an effective date of "upon approval."

Please forward HB 856 HD2 with these proposed amendments.

Thank you for the opportunity to testify.