



NEIL ABERCROMBIE
GOVERNOR

EXECUTIVE CHAMBERS
HONOLULU

Testimony in **support** of HB856
Relating to Green Infrastructure

Committee on Energy & Environmental Protection
Representative Chris Lee, Chair
Representative Cynthia Thielen, Vice Chair

January 31, 2013
8:30 am Room 325

Chair Lee, Vice-Chair Thielen, and members of the Energy & Environmental Protection Committee:

The Office of the Governor **supports** House Bill 856, Relating to Green Infrastructure. This measure would establish a regulatory financing structure to authorize the Public Utilities Commission (PUC) and the Department of Business, Economic Development, and Tourism (DBEDT) to provide low-interest loans for green infrastructure equipment which will help to achieve measurable cost savings to consumers and utility customers and move us towards Hawaii's clean energy goals.

This measure would allow residents who cannot afford the significant initial investment associated with the installation of a photovoltaic system to reap the benefits of alternative energy immediately and pay for it over the long run. This will lower their electric bills while also supporting the State's energy goals of self-sufficiency and security.

The PUC and DBEDT are also available to answer any technical questions you may have.

Thank you for the opportunity to testify.



**STATE OF HAWAII
STATE PROCUREMENT OFFICE**

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TESTIMONY
OF
AARON S. FUJIOKA
ADMINISTRATOR
STATE PROCUREMENT OFFICE

TO THE
HOUSE COMMITTEE
ON
ENERGY & ENVIRONMENTAL PROTECTION

January 31, 2013

8:30 am

HB 856

RELATING TO GREEN INFRASTRUCTURE.

Chair Lee, Vice-Chair Thielen, and members of the committee, thank you for the opportunity to submit testimony on HB 856. The State Procurement Office (SPO) comments are limited to SECTION 2 which includes an exemption from HRS chapter 103D, Hawaii Public Procurement Code (Code), for contracts executed by the Hawaii green infrastructure authority.

The SPO opposes this exemption. The Code is the single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, a level playing field, government disclosure and transparency in the procurement and contracting process are vital to good government.

Public procurement's primary objective is to provide everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion or fraud in awarding of contracts. To legislate that any one entity should be exempt from compliance with HRS chapter 103D conveys a sense of disproportionate equality in the law's application.

Although an exempted agency may develop their own procurement source selection methods, it was the intent and goal of the legislature to have a single source of policy and procedures to ensure consistency and continuity in the application of the procurement process among government agencies throughout the State and counties. Additionally, a single source of procurement laws will be less burdensome for vendors, contractors and service providers to comprehend.

The SPO opposes the language on page 8, lines 1 to 2. Thank you.



NEIL ABERCROMBIE
GOVERNOR

SHAN S. TSUTSUI
LT. GOVERNOR

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

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KEALI'I S. LOPEZ
DIRECTOR

JO ANN UCHIDA TAKEUCHI
DEPUTY DIRECTOR

TO THE HOUSE COMMITTEE
ON ENERGY AND ENVIRONMENTAL PROTECTION

THE TWENTY-SEVENTH LEGISLATURE
REGULAR SESSION OF 2013

THURSDAY, JANUARY 31, 2013
8:30 A.M.

**TESTIMONY OF JEFFREY T. ONO, EXECUTIVE DIRECTOR, DIVISION OF
CONSUMER ADVOCACY, DEPARTMENT OF COMMERCE AND CONSUMER
AFFAIRS, TO THE HONORABLE CHRIS LEE, CHAIR, AND MEMBERS OF THE
COMMITTEE**

HOUSE BILL NO. 856 - RELATING TO GREEN INFRASTRUCTURE

DESCRIPTION:

This measure proposes to establish a regulatory financing structure that authorizes the Public Utilities Commission ("PUC") and the Department of Business, Economic Development, and Tourism ("DBEDT") to provide low-cost loans for green infrastructure equipment to achieve measurable cost savings and achieve Hawaii's clean energy goals.

POSITION:

The Division of Consumer Advocacy supports HB 856.

COMMENTS:

HB No. 856 is legislation that will enable the DBEDT to create a securitization process to obtain low cost financing that would be used to fund the purchase and installation of various clean energy and energy efficiency devices, such as solar water heaters and solar photovoltaic ("pv") systems. It contemplates the issuance of bonds that will be secured by a green infrastructure fee that will be collected from the electric utilities' customers. It is through this legislation that a low interest rate fund would be used for an on bill financing program.

Hawaii's electricity rates are the highest in the nation. Consumers need access to energy efficient devices that offer real electricity cost savings. Thus far, the upfront cash needed or access to credit to purchase solar hot water heaters and solar pv systems has been an impediment to low to moderate income homeowners and renters from being able to realize the benefits of these devices that will lower monthly electric bills.

The Consumer Advocate believes that clean energy and energy efficiency should not be for the wealthy only. Consumers who work hard and pay their bills, but find it difficult to save enough money or build enough credit to finance a solar hot water heater or solar pv system should not be shut out of this market. On bill financing allows the consumer to pay for these energy systems through the electricity cost savings on their monthly bill. This not only makes available energy cost savings to a greater number of Hawaii's consumers, but it also means less oil consumed for every kilowatt hour of energy being conserved or replaced by clean energy.

HB No. 856 will make low cost funding available for such an on bill financing program. The Consumer Advocate will work closely with DBEDT, the Hawaiian Electric Companies, the Public Utilities Commission, and all interested parties in designing an on bill financing program that minimizes the financial risk to electric utilities' ratepayers.

Thank you for this opportunity to testify.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
RICHARD C. LIM
Director

Department of Business, Economic Development, and Tourism
before the

HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

Thursday, January 31, 2013

8:30 a.m.

State Capitol, Conference Room 325

in consideration of

HB 856

RELATING TO GREEN INFRASTRUCTURE.

Chair Lee, Vice Chair Thielen, and Members of the Committee.

The Department of Business, Economic Development & Tourism (DBEDT) strongly supports HB 856, a priority of the Abercrombie Administration to establish a regulatory financing structure to enable alternative low-cost financing to make clean energy infrastructure accessible and affordable for consumers. This measure can enable a broad spectrum of consumers, including homeowners, landlords and renters, and nonprofits, to invest and receive immediate benefits of lower utility bills, while repaying for the green infrastructure through a charge on their utility bill, over time.

There is strong interest by Hawaii residents for such low-cost financing. A survey conducted in November and December of 2012 by the research group OmniTrak showed that 70% responded positively that they were likely to make energy-savings improvements if low-interest loans were offered to make these investments. Results of the survey are attached.

Reducing Hawaii's dependence on imported fossil fuel and achieving our state's aggressive clean energy goals in 2030 will require significant infrastructure and investment. According to Booz Allen Hamilton, the Hawaii Clean Energy Initiative will require more than \$15 billion of capital expenditures to fully implement, mostly coming from private sources.

Because one of the biggest costs of infrastructure is the cost of capital, it is critical to identify innovative ways to lower the costs of capital and ultimately lower the cost of clean energy.

This financing structure enables the issuance of low-cost green infrastructure bonds in a manner to efficiently leverage public and private capital, to bring a new source of low-cost funds to invest in energy infrastructure to help reduce the cost of clean energy infrastructure. The financing structure enables DBEDT to issue revenue bonds to fund a low-cost loan program, subject to regulatory approval, but because it leverages a utility surcharge, it creates no additional liability or obligation for the State and does not require any general funds.

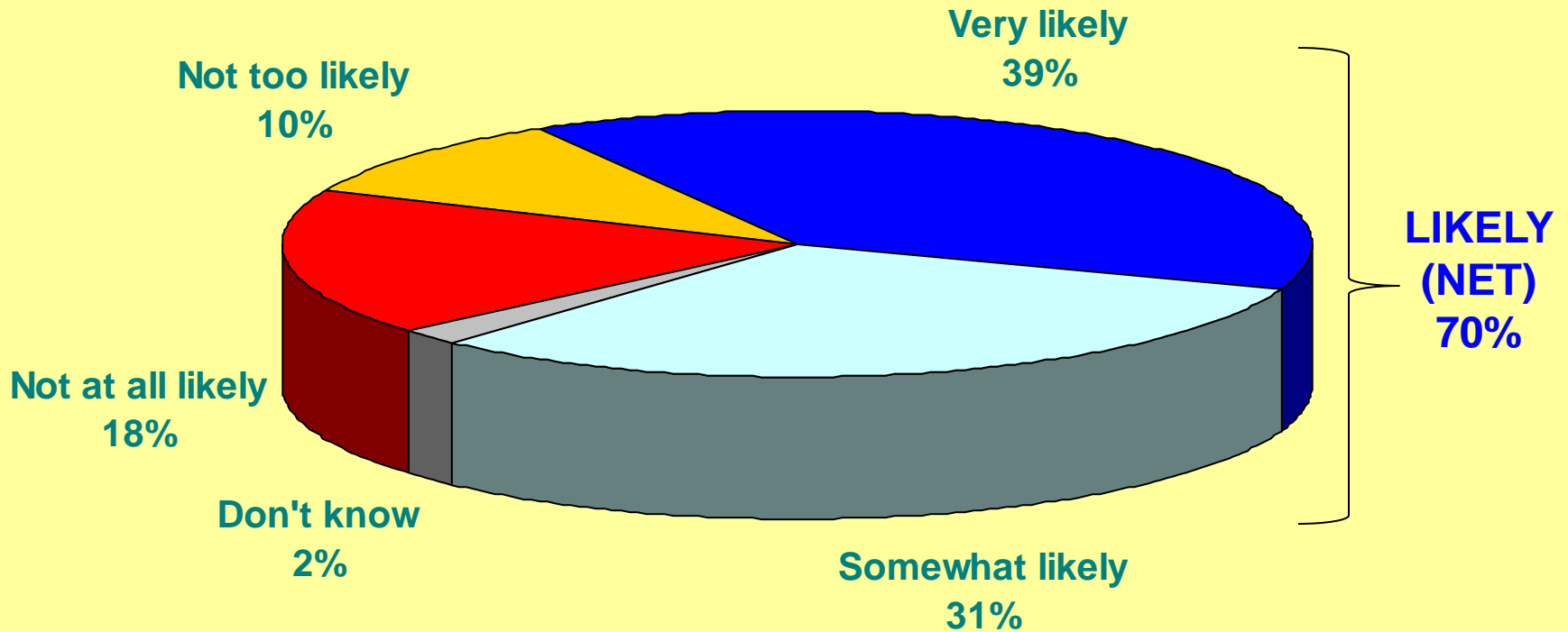
Significant upfront costs and a lack of cost-effective financing products have prevented many customers from investing in and benefiting from clean energy investments. This program makes cheap credit available, especially to the underserved market—low to moderate income homeowners, renters, churches, non-profits—those who may not be able to access or afford clean energy installations today. One application of the program is that consumers will be able install solar photovoltaic equipment and receive immediate benefits today, while amortizing the costs over time and paying for those benefits on their utility bill.

We have seen great progress towards our clean energy future and HB 856 can further Hawaii's progress by providing a mechanism to acquire low-cost capital to deploy in a manner to lower customer bills, reduce the cost of clean energy and increase the penetration of clean energy to achieve statewide goals of building energy independence and supporting a clean energy economy.

Thank you for the opportunity to offer testimony in support of HB 856.

Loans For Energy-Saving Improvements

“If low-interest loans were offered, how likely are you to make improvements?”



Q: The state is thinking of offering homeowners and businesses low-interest loans to make energy-saving improvements, such as installing solar panels, photo-voltaic systems or solar water heaters or in the case of businesses, renovating or replacing air conditioning systems. If low-interest loans were offered to make energy savings improvements, how likely would you be to make any of these improvements? Would you be very, likely, somewhat likely, not too likely, not likely at all?

TESTIMONY BY KALBERT K. YOUNG
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
ON
HOUSE BILL NO. 856

January 31, 2013

RELATING TO GREEN INFRASTRUCTURE

House Bill No. 856 establishes a regulatory and financing structure to authorize the Public Utilities Commission (PUC) and the Department of Business, Economic Development and Tourism (DBEDT) to establish a green infrastructure financing program.

The Department of Budget & Finance supports this administration measure and believes this proposal is innovative in providing a financing resource to residents to take advantage of alternative energy opportunities. The Department has been working extensively with the PUC, DBEDT, Department of the Attorney General and the State's General Advice Bond Counsel to develop a statutory framework to authorize the green infrastructure financing program. The program will provide a lower cost financing alternative for Hawaii businesses and residents to utilize green infrastructure equipment and technology to reduce electricity consumption by leveraging clean energy technology. The innovative financing method being proposed will provide a secure financing structure to allow DBEDT to issue revenue bonds at very competitive rates, which savings can be passed on to the consumers in the form of lower borrowing costs.

Budget and Finance will continue to work with the team and bond counsel as this measure moves through the Legislature to ensure that legal components and mechanics are feasible.

Thank you for the opportunity to provide testimony in support of this measure.

TESTIMONY OF HERMINA MORITA
CHAIR, PUBLIC UTILITIES COMMISSION
DEPARTMENT OF BUDGET AND FINANCE
STATE OF HAWAII
TO THE
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

JANUARY 31, 2013
8:30 a.m.

MEASURE: H.B. No. 856

TITLE: Relating to Green Infrastructure

Chair Lee and Members of the Committee:

DESCRIPTION:

This measure proposes to establish the Hawaii Green Infrastructure Loan Program (“Green Financing Program” or “Program”) for the purpose of promoting the widespread adoption of clean energy technology and related clean energy-enabling infrastructure in Hawaii. This Program will be administered by the Department of Business, Economic Development, and Tourism (“DBEDT”) in cooperation with the Public Utilities Commission (“Commission”), and will serve as a potential source of capital for a range of clean energy technology users, including increasing opportunities to install clean energy technology for renters and residents that have not been able to take advantage of current financing programs.

POSITION:

The Commission supports this measure and is working closely with the DBEDT in refining the details of the proposed Green Financing Program. In addition, the Commission would like to offer the following comments for the Committee’s consideration.

COMMENTS:

The Commission strongly supports the advancement of the State’s clean energy policies to help mitigate the high cost of electricity that impacts all segments of the population. H.B. No. 856 is intended to further Hawaii’s progress in adopting energy

efficiency and renewable energy technologies on the broadest scale possible. The practice of electric utility-focused securitizations, a form of securitization similar to the model being proposed in this bill, is a proven means of raising necessary capital for electrical system improvements and operations throughout the rest of the United States. H.B. No. 856 proposes to modify elements of a standard electric utility securitization model to provide a pool of low-cost capital for the installation of clean energy technology. While the Commission is supportive of assuming the responsibilities proposed in this measure, we would appreciate the opportunity to continue to work with the Legislature and other members of the administration to refine the details of this bill's envisioned regulatory and financing structures.

Currently, the Commission is reviewing the viability of an on-bill financing ("OBF") program for the State pursuant to Act 204, Session Laws of Hawaii 2011. OBF is potentially one of the clean energy financing programs that could significantly benefit from the low-cost capital that would be available via the proposed Green Financing Program. As OBF is an open docket,¹ the Commission reserves comment at this time in discussing any of the details of a future OBF program in Hawaii, which many of the provisions of H.B. No. 856 implicate. The Commission does anticipate, however, a final decision and order being issued shortly.

Thank you for the opportunity to testify on this measure.

¹To view the record of the Commission's proceeding investigating the implementation of on-bill financing under Commission Docket No. 2011-0186, visit <http://dms.puc.hawaii.gov/dms/index.jsp>.

**Testimony Before the House Committee
On
Energy & Environmental Protection**

January 31, 2013 (8:30 AM)

H.B. 856 RELATING TO GREEN INFRASTRUCTURE

By: Alan Hee
Director, New Energy Initiatives
Hawaiian Electric Company, Inc.

Chair Lee, Vice Chair Thielen, and Members of the Committee:

My name is Alan Hee, and I represent Hawaiian Electric Company, and its subsidiary utilities Hawaii Electric Light Company and Maui Electric Company. I appreciate the opportunity to present testimony on H.B. 856.

The Companies support the intent of H.B. 856 to provide low cost clean energy financing to underserved markets. The Companies have also supported on-bill financing during the on-going proceeding at the Commission (Docket No. 2011-0186) in which the Companies indicated their willingness to assist with billing, collecting, and transmitting customer payments related to on-bill financing.

We have the following comments:

- When borrowers from the green infrastructure fund take advantage of on-bill financing rather than finance their projects through traditional loans or leases, costs and risks are transferred from borrowers and lenders to ratepayers. Examples of these costs include program administration and insurance costs. When ratepayers become obligated to pay the bond principal and interest fees through the green infrastructure fee, they bear the default risk (i.e., they may not get all of their money back). The Companies ask that legislators be aware of this transfer of costs and risk as they consider this bill.
- For the protection of ratepayers, a schedule for ratepayer reimbursement of their green infrastructure fees should be identified.
- Borrowers should be limited to utility customers. Otherwise the utilities will not be able to collect the green infrastructure charges through an electric bill.
- In the case of partial payments, billed utility service charges should be fully paid off first, then the green infrastructure fees and charges. While the bondholders are being paid interest to compensate them for risk, the utilities are not being similarly compensated for any additional risk.
- However, the utilities should be able to recover any costs related to the billing, collection, and remission of revenues.

- It should be explicitly stated that the utilities will remit only those green infrastructure fees and charges that are collected so that it is clear that the utilities are not liable for partial payments of those fees and charges by its customers.
- In addition, the utilities should not be owners of equipment financed by the green infrastructure program. This will make it very clear that, as stated in the bill, the utilities' only obligation is to bill, collect, and transmit the green infrastructure fees and charges.
- Furthermore, since the bill proposes to expand the scope of the public benefits fund, which is administered by the Public Benefits Fund Administrator, to include demand response technology, the bill should also state that the utilities, who currently administer the demand response programs, should continue to administer the demand response programs, unless otherwise determined by the Commission.

Also, there are tax issues that should be addressed. Hawaiian Electric would be willing to work with the State to come up with revised language to address these concerns.

Thank you for the opportunity to testify on this measure.



Testimony of Cindy McMillan
The Pacific Resource Partnership

House Committee on Energy & Environmental Protection
Representative Chris Lee, Chair
Representative Cynthia Thielen, Vice Chair

HB 856 – Relating to Green Infrastructure
Wednesday, January 30, 2013
8:30 am
Conference Room 325

Aloha Chair Lee, Vice Chair Thielen and Members of the Committee:

The Pacific Resource Partnership (PRP) is a labor-management consortium representing over 240 signatory contractors and the Hawaii Regional Council of Carpenters

PRP **supports** HB 856, Relating to Green Infrastructure, which establishes a regulatory financing structure which authorizes the Public Utilities Commission and the Department of Business, Economic Development, and Tourism to provide low-cost loans for green infrastructure equipment to achieve measurable cost savings and achieve Hawaii's clean energy goals.

The State of Hawaii's goal is to meet 70% of our energy needs by 2030 through energy efficiency and renewable energy. In order to meet this goal, we must overcome the barriers to the widespread installation of green energy infrastructure equipment. HB 856 will help do that in very significant ways.

For many home owners and small businesses, the cost of green infrastructure equipment is prohibitive. Many are struggling to get by, and retrofits requiring major capital costs upfront are off the table, even if the system would save money in the long run. HB 856 addresses this cash-flow problem, allowing the people who could benefit most from energy-efficiency improvements to pay for them.

Renters and landlords face an additional challenge. Building owners often don't make efficiency investments because it's the renters who pay the energy bills. Conversely, renters aren't likely to make investments in property they don't own. Even if they wanted to, they are at a significant disadvantage when it comes to securing financing for large capital projects because they usually don't have the equity to leverage such as owning a home. On-bill repayment solves this dilemma.

Additional advantages of on-bill financing for green infrastructure equipment were identified by the American Council for an Energy Efficient Economy in a report published in December 2011:

- The loan is secured through an existing relationship with the utility, instead of a (potentially unfamiliar) financial institution.
- Monthly utility bills decline, even though the loan payments are included.
- The customer's payment history can be used to establish creditworthiness.
- Utility bills showing reduced energy use create a clear link for participants between their energy-efficiency investment and the resulting savings.
- Rebates and incentives available through the utility can be bundled with the financing to improve the terms of the loan.
- Capital investors see on-bill programs as a more secure investment since they are based on an established payment relationship.
- Loans can be tied to a rental property's meter, so the renter benefits from lower utility, and landlords benefit from increased property values.

Finally, investing in green infrastructure will create jobs and spur economic activity. Men and women working to install the infrastructure projects will be able to earn a living in ways that contribute substantially to preserving our environmental quality and making better use of our natural resources.

We respectfully ask for your support on HB 856. Thank you for the opportunity to share our views on this important initiative with you.



SENT VIA EMAIL

January 30, 2013

Representative Chris Lee
Chair, Committee on Energy and Environmental Protection
Representative Cynthia Thielen
Vice Chair, Committee on Energy and Environmental Protection
Hearing on House Bill 856 - Relating to Green Infrastructure
State Capitol, Conference Room 325

Aloha Chair Lee and Vice Chair Thielen!

Enterprise Honolulu stands in strong support of House Bill 856 with the Public Utilities Commission and the Department of Business, Economic Development and Tourism.

As Hawai'i continues to improve and build upon our current economic condition – this legislation provides a means to support Hawaii's businesses through low cost green infrastructure financing programs, while simultaneously increasing their capacity to achieve Hawaii's clean energy goals.

We ask for your legislative support with this important initiative.

Please feel free to contact me directly should you have any questions.

Sincerely,

Pono Shim
President & CEO
Enterprise Honolulu, Oahu Economic Development Board





Directors

Jody Allione
AES-Solar

Joe Boivin
The Gas Company

Kelly King
Pacific Biodiesel

Warren S. Bollmeier II
WSB-Hawaii

TESTIMONY OF WARREN BOLLMEIER ON BEHALF OF THE
HAWAII RENEWABLE ENERGY ALLIANCE BEFORE THE
HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

HB 856, RELATING TO GREEN INFRASTRUCTURE

January 31, 2013

Chair Lee, Vice-Chair Thielen and members of the Committee, I am Warren Bollmeier, testifying on behalf of the Hawaii Renewable Energy Alliance (HREA). HREA is an industry-based, nonprofit corporation in Hawaii established in 1995. Our mission is to support, through education and advocacy, the use of renewables for a sustainable, energy-efficient, environmentally-friendly, economically- sound future for Hawaii. One of our goals is to support appropriate policy changes in state and local government, the Public Utilities Commission and the electric utilities to encourage increased use of renewables in Hawaii.

The purpose of HB 856 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 alternative low-cost financing, to be deployed through a financing program to enable installations of green infrastructure equipment, achieve measurable cost savings, and achieve Hawaii's clean energy goals.

HREA **strongly supports the intent** of this measure and offers the following comments:

- 1) Clean Energy Goals. Clearly, this measure supports attainment of our state's clean energy goals, and specifically offers the opportunity for funding to assist such activities as the On-Bill Financing Program, which is under consideration in the Public Utility Commission's Docket No. 2011-0186.
- 2) Overall Objectives. It is not clear to us whether the intent is ONLY to assist any On-Bill programs approved by the Commission. For example:
 - a) would DBEDT consider issuing RFPs to procure clean energy technologies and provide loans to the winning bidder, and
 - b) the apparent proposal for DBEDT to "make" money for the state from the loans. If so, how would the profits be used?
- 3) Green Infrastructure Fee. It is not clear if the proposed green infrastructure fee ("GIF") would be a separate fee, or become part of the fee. Either way what would the GIF be used?

Mahalo for this opportunity to testify



HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

January 31, 2013, 8:30 A.M.

Room 325

(Testimony is 3 pages long)

TESTIMONY IN STRONG SUPPORT OF HB 856

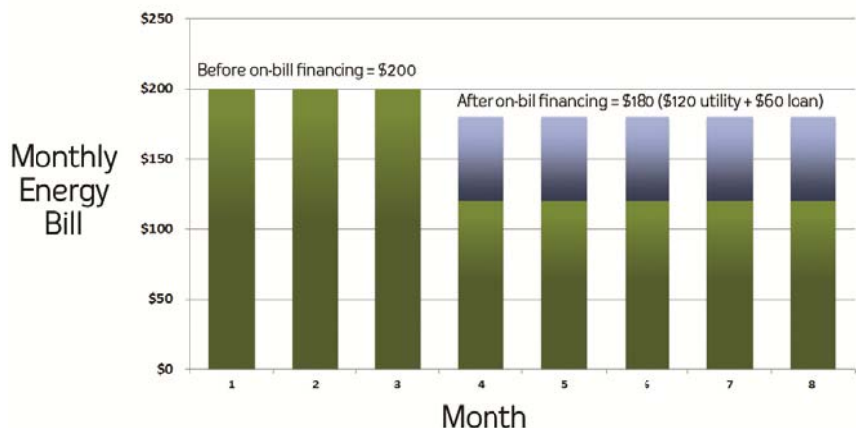
Chair Lee and members of the Energy & Environmental Protection Committee:

The Blue Planet Foundation strongly supports HB 856, 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 Hawaii.”

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 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, 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, with enabling legislation such as that proposed by HB 856.

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.

Please forward HB 856 with this proposed amendment.

Thank you for the opportunity to testify.



1/31/2013

House Committee on Energy and Environmental
Protection

EEP

8:30 a.m.

HB 856

TESTIMONY IN SUPPORT

Aloha Chair Lee and Vice-Chair Thielen and Members of the Committee:

The Hawaii PV Coalition supports HB 856. This measure will create a mechanism to provide low-cost financing for green infrastructure development in Hawaii. Specifically, HB 856 will create a state-run green infrastructure authority that will make low-cost loans for infrastructure improvements and for the purchase of clean energy equipment. Loans will initially be funded through the sale of green infrastructure bonds and will be repaid by ratepayers through on-bill financing.

The measure is necessary in spite of the success of the solar industry in Hawaii because of the ongoing need to better serve subsets of Hawaii's residential and business communities with clean, renewable energy. Among these are rental properties (both homes and businesses), in which the landlord has little incentive to purchase more efficient energy using equipment or renewable generating systems because such changes largely benefit the tenant. As such, the 'landlord tenant incentive mismatch' is one of the primary obstacles to Hawaii using its a substantial share of its rooftop assets to help achieve the State's energy goals. By using the on-bill finance/repayment mechanism, and bringing low cost capital to the sector, such problems can begin to be addressed.

Another underserved sector are those with less than perfect credit. Although residential leasing options are abundant, because of the novelty of the lease product, financial markets (quite reasonably) seek to minimize risk by focusing on higher credit households. HB856 would allow leasing to penetrate deeper into the credit distribution than the private market has done to date.

Finally, please note that the mechanism created under HB858 is not a substitute for existing incentives that currently help motivate the purchase and deployment of solar energy technologies. If passed, this measure would take several years to come to fruition and would complement rather than replace the existing policy environment.

In summary, the green infrastructure authority and loan program created by HB 856 will effectively compliment other initiatives by the State of Hawaii that are aimed at achieving Hawaii's clean energy goals. It will also allow Hawaii residents to reduce their energy costs. PV Coalition supports this measure and urges the Committee to adopt HB 856. Thank you for the opportunity to provide this testimony.

Sincerely,

Mark Duda
President, Hawaii PV Coalition



About the Hawaii PV Coalition

The Hawaii PV Coalition was formed in 2005 to support the greater use and more rapid diffusion of solar electric applications across the state. Working with business owners, homeowners and local and national stakeholders in the PV industry, the Coalition has been active during the state legislative sessions supporting pro-PV and renewable energy bills and helping inform elected representatives about the benefits of Hawaii-based solar electric applications.



January 31, 2013

**House Committee on Energy and
Environmental Protection**

EEP

8:30

HB 856

TESTIMONY IN SUPPORT

Aloha Chair Lee and Vice-Chair Thielen and Members of the Committee:

RevoluSun supports HB 856, which would create a state-run green infrastructure authority that will make low-cost loans for infrastructure improvements and for the purchase of clean energy equipment. The measure is necessary in spite of the success of the solar industry in Hawaii because of the ongoing need to better serve subsets of Hawaii's residential and business communities with clean, renewable energy. Among these are rental properties (both homes and businesses), in which the landlord has little incentive to purchase more efficient energy using equipment or renewable generating systems because such changes largely benefit the tenant. Another underserved sector are those with less than perfect credit. Although residential leasing options are abundant, because of the novelty of the lease product, financial markets (quite reasonably) seek to minimize risk by focusing on higher credit households. HB856 would allow leasing to penetrate deeper into the credit distribution than the private market has done to date.

Finally, please note that the mechanism created under HB858 is not a substitute for existing incentives that currently help motivate the purchase and deployment of solar energy technologies. If passed, this measure would take several years to come to fruition and would complement rather than replace the existing policy environment. In summary, the green infrastructure authority and loan program created by HB 856 will effectively compliment other initiatives by the State of Hawaii that are aimed at achieving Hawaii's clean energy goals. It will also allow Hawaii residents to reduce their energy costs. PV Coalition supports this measure and urges the Committee to adopt HB 856. Thank you for the opportunity to provide this testimony.

Sincerely,

Joshua F. Powell, AIA
Principal



Sierra Club Hawai'i Chapter

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HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

January 31, 2013, 8:30 A.M.
(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF HB 856

Aloha Chair Lee and Members of the Committee:

The Sierra Club, Hawai'i Chapter, with 10,000 dues-paying members and supporters, **supports** HB 106. This measure creates a structure for a clean energy financing program, which would help many Hawaii residents reduce their electric bill through clean energy and energy efficiency investments.

Until we solve the problem of upfront cost, it will be difficult to provide clean energy to renters and low income residents. Our society has evolved into a pay-as-you-go system. No one would consider paying \$19,200 for twenty years of cell phone service, although that is the approximate cost of a modern iphone (\$80 per month x 12 months x 20 years). Similarly, too few people are willing to pay \$42,000 for a clean energy system that locks in today's energy rates (average bill of \$175 x 12 months x 20 years).

HB 856 could establish a national precedent. Creating a pay-as-you-save program would lead to the development of a stronger renewable energy market, wean Hawai'i off of fossil fuels, and put more money into the pocket of Hawai'i residents.

Analogous financing systems have led to demonstrable increases in employment and overwhelming public support. The County of Sonoma, for example, has already funded 1750 residential and 57 commercial systems (a total of \$59,756,859 invested in stimulating the economy and reducing electric bills). 86% of these jobs were completed by local contractors.

We note a bit of concern about how this program will be implemented. We commit to working with the Department about language as this bill moves forward.

The Sierra Club respectfully asks that this committee advance this measure. Mahalo for the opportunity to testify.



Hawaii Solar Energy Association
Serving Hawaii Since 1977

January 30, 2013

Re: HB 856: Relating to Green Energy Infrastructure

January 31, 2013, 8:30 a.m., Conference Room 325

Before the House Committee on Energy and Environmental Protection

Aloha Chair Lee, Vice-Chair Thielen, and members of the House Committee on Energy and Environmental Protection,

On behalf of the Hawaii Solar Energy Association (HSEA), I would like to testify in **support of the intent** of HB 856, which proposes that DBEDT administer a Green Energy Bond program to encourage the installation of renewables and efficiency to further Hawaii's goal of a clean energy future. HSEA is a non-profit trade organization incorporated in Hawaii in 1977, and our mission is to support a sustainable energy future for Hawaii through advocacy and education. We are 70 members strong, and include contractors, installers, manufacturers, distributors, and other attendant businesses that work in the solar industry. We advocate both for solar hot water and photovoltaics.

HSEA is very aware of the challenges currently facing the renewable community, especially in regards to the under-served and un-served sector of Hawaii's residents. Although many mechanisms exist to support the installation of renewables, especially PV, these opportunities are available almost exclusively to the home owner. Renters, who comprise about 41% of Hawaiian residents, generally are unable to benefit from clean energy, unless their landlord has installed clean energy for the benefit of the tenants. HSEA is therefore very supportive of a program or programs such as the on-bill proposal currently before the Public Utilities Commission which would allow renters and others to finance efficiency and renewables via their electric bill.

As such, HSEA has several questions regarding the program proposed in HB 856.

Flexibility is key: As has already been discussed via the on-bill docket, most parties have agreed that having a variety of funding mechanisms is key to both spreading out the risk of the program, and to provide different financial tools for different customers. It is not clear from HB 856 how it would interact with other funding mechanisms that might already be in place. We are also concerned that any financing program utilizes the greatest number of providers. This program should not be a boon to just a few companies.

What will happen to the Public Benefits Fund? Another concern is the finite amount available through the PBF. If some portion is used to secure funding, how will the work at Hawaii Energy be impacted, and is there enough in the PBF to secure a robust financing program? HSEA is also concerned as to how this program might impact work already in progress under the on-bill docket.

We look forward to seeing how this worthy idea evolves. Thank you for the opportunity to testify.

Best regards,

Leslie Cole-Brooks
Executive Director
Hawaii Solar Energy Association



House Committee on Energy & Environmental Protection

Testimony in support to House Bill 856

Testimony of Alex Tiller, Sunetric CEO

Thursday, Jan. 31st, 8:30 a.m.

Chair Lee, Vice Chair Thielen, and members of the committee:

Sunetric is a Hawaii based company that designs and installs solar systems for residential and commercial clients. Our company has 150 employees located on Oahu, Maui and Hawaii Island, although we do solar work on all of Hawaii's islands. We are grateful to the Legislature for the support that we've received in the past and look forward to a continued productive relationship in which our industry works to achieve the state's energy and economic security goals, while also providing meaningful work for ourselves and our employees.

Sunetric **supports** House Bill 856, which establishes a regulatory financing structure that authorizes the Public Utilities Commission (PUC) and the Department of Business, Economic Development and Tourism to provide low-cost loans for green infrastructure equipment.

It is heartening to see the State of Hawaii make active steps toward The Hawaii Clean Energy Initiative's mandated goal that Hawaii must use 40% clean energy from locally generated renewable sources by 2030. House Bill 856 takes steps in reducing the highest barrier of entry – capital costs – to assist Hawaii residents, businesses and other entities in acquiring green infrastructure equipment. As the most isolated state with the highest electricity costs in the nation, encouraging energy self-sufficiency and security serves the public interest.

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

Sincerely,

Alexander Tiller, CEO
Sunetric



Email: communications@uluponoinitiative.com

HOUSE COMMITTEE ON ENERGY AND THE ENVIRONMENT
Thursday, January 31, 2013 — 8:30 a.m. — Room 325

Ulupono Initiative Strongly Supports HB 856, Relating to Green Infrastructure

Dear Chair Lee, Vice Chair Thielen and Members of the Committee:

My name is Murray Clay, Managing Partner of the Ulupono Initiative, a Hawai'i-based impact investment firm that strives to improve the quality of life for the people of Hawai'i by working toward solutions that create more locally grown food, increase renewable energy, and reduce/recycle waste.

Ulupono Initiative seeks to promote and invest in innovative sustainability ideas and business models that have the potential to make a significant difference for Hawai'i. We work with, and invest in, businesses that show this potential for innovation, have local leadership, develop businesses from ideas and inspiration born in Hawai'i to reach the needs of Hawai'i, and use technologies and models that can be replicated and have potential global applicability.

Ulupono is testifying in strong support of HB 856, which establishes a regulatory financing structure that authorizes the Public Utilities Commission and the state Department of Business, Economic Development and Tourism to provide low-cost loans for clean-energy infrastructure and equipment to benefit consumers. We believe this could be an effective and reasonable approach.

One major obstacle to expanding Hawai'i's energy-efficiency resources is the need for substantial up-front capital investment. We recognize that the State has been supporting many facets of renewable energy and energy efficiency in Hawai'i over the years. However, there are increasingly severe limits to what the State can continue to support and finance. We need to prudently manage those public resources very carefully.

HB 856 enables the State to raise private capital through the use of revenue bonds, none of which affects the State's debt ceiling because revenue bond financing does not involve the State's full faith and credit. This new source of low-cost financing could be significant.

The on-bill financing mechanism is already being considered by the PUC, where many of the critical issues were addressed and resolved. HB 856 now provides a mechanism for raising low-cost capital for on-bill financing, while ensuring the PUC maintains the regulatory authority to manage how the program is structured.

This bill offers an opportunity for Hawai'i to accelerate energy efficiency for all our ratepayers and lower participant's energy bills.



Mr. Chair and Members of the Committee, we appreciate the opportunity to present this testimony in support of HB 856 and ask your favorable consideration of this bill. I would be pleased to respond to any questions that you may have.

Thank you very much,

Murray Clay
Managing Partner