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## A BILL FOR AN ACT

RELATING TO CLEAN ENERGY FINANCING.

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

1           SECTION 1. The legislature finds that significant  
2 investment in clean energy technology and infrastructure will be  
3 required to achieve the State's goals of energy self-  
4 sufficiency, energy security, and energy diversification.  
5 Investment is also needed to meet the renewable portfolio and  
6 energy efficiency portfolio standards in chapter 269, Hawaii  
7 Revised Statutes. The current aggregate level of green  
8 infrastructure investment is \$12,800,000,000.  
9           Green infrastructure investment supports Hawaii's evolving  
10 energy market and provides affordable energy options for  
11 Hawaii's ratepayers. Due to the significant amount of capital  
12 required for green infrastructure investment, the State must  
13 leverage private investment with limited public funds. A growth  
14 in the clean energy market will reduce the cost of clean energy  
15 for ratepayers, drive job creation, and save billions of  
16 taxpayer dollars currently being spent on importing petroleum  
17 oil.



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1           The legislature has made various efforts to invest in green  
2 technology. Act 155, Session Laws of Hawaii 2009, established  
3 the building energy efficiency revolving loan fund to provide  
4 low cost financing to eligible public, private, and nonprofit  
5 borrowers to make energy efficiency improvements to buildings.  
6 Act 211, Session Laws of Hawaii 2013, established the Hawaii  
7 green infrastructure authority to make cost-effective green  
8 infrastructure financing options accessible and affordable to  
9 customers under the green energy market securitization loan  
10 program.

11           The legislature further finds that a significant barrier to  
12 clean energy adoption has been the availability of flexible  
13 financing and low-cost capital. Building Hawaii's clean energy  
14 infrastructure at the lowest possible cost is vital to reach the  
15 State's goal of one hundred per cent clean energy by 2045.  
16 Public funds must be used in a sustainable manner to  
17 simultaneously spark consumer demand for clean energy technology  
18 and attract private investment in green technology. It is the  
19 State's goal that each public dollar spent will have an  
20 investment multiplier effect throughout the green technology  
21 industry.



1           The legislature also finds that a variety of financing  
2 options must be available to support Hawaii's clean energy  
3 investment. Ratepayer-funded programs, such as energy  
4 efficiency rebates and the green energy market securitization  
5 loan program, have made progress but do not serve all ratepaying  
6 customers or the entire clean energy technology market. The  
7 green energy market securitization loan program facilitated over  
8 \$85,700,000 in solar photovoltaic and energy efficiency projects  
9 over the past fiscal year, but the program is not able to serve  
10 all ratepayers and focuses only on new solar technology. The  
11 green energy market securitization bond was an innovative use of  
12 a rate reduction bond but the time lag between the issuance of  
13 the bond and expenditures for improvements was inefficient  
14 compared to using revolving loan funds, which are expended  
15 annually and in a more expedient manner.

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

19           (1) Transferring the administration of the building energy  
20           efficiency revolving loan fund to the Hawaii green  
21           infrastructure authority;



- 1           (2) Expanding the purpose of the building energy
- 2           efficiency revolving loan fund to include a broader
- 3           range of clean energy technologies; and
- 4           (3) Making an appropriation to the clean energy revolving
- 5           loan fund to make clean energy investment loans or for
- 6           other approved uses.

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

9           "~~§~~196-64~~§~~ **Functions, powers, and duties of the**  
 10 **authority.** (a) In the performance of, and with respect to the  
 11 functions, powers, and duties vested in the authority by this  
 12 part, the authority, as directed by the director and in  
 13 accordance with a green infrastructure loan program order or  
 14 orders under section 269-171 or an annual plan submitted by the  
 15 authority pursuant to this section, as approved by the public  
 16 utilities commission, for the green energy market securitization  
 17 loan program, may:

- 18           (1) Make loans and expend funds to finance the purchase or
- 19           installation of green infrastructure equipment for
- 20           clean energy technology, demand response technology,



- 1 and energy use reduction and demand side management  
2 infrastructure, programs, and services;
- 3 (2) Hold and invest moneys in the green infrastructure  
4 special fund in investments as permitted by law and in  
5 accordance with approved investment guidelines  
6 established in one or more orders issued by the public  
7 utilities commission pursuant to section 269-171;
- 8 (3) Hire employees necessary to perform its duties,  
9 including an executive director. The executive  
10 director shall be appointed by the authority, and the  
11 employees' positions, including the executive  
12 director's position, shall be exempt from chapter 76;
- 13 (4) Enter into contracts for the service of consultants  
14 for rendering professional and technical assistance  
15 and advice, and any other contracts that are necessary  
16 and proper for the implementation of the loan program;
- 17 (5) Enter into contracts for the administration of the  
18 loan program, without the necessity of complying with  
19 chapter 103D;
- 20 (6) Establish loan program guidelines to be approved in  
21 one or more orders issued by the public utilities



1            commission pursuant to section 269-171 to carry out  
2            the purposes of this part;

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

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

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

17           (c) In the performance of, and with respect to the  
18           functions, powers, and duties vested in the authority by this  
19           part, the authority shall administer the clean energy revolving  
20           loan fund in section 201-20, and may:



- 1        (1) Make loans and expend funds to finance the purchase or  
2        installation of clean energy technology and services;
- 3        (2) Utilize all repayment mechanisms, financing tools,  
4        servicing and other arrangements, and sources of  
5        capital available to the authority;
- 6        (3) Utilize the employees of the authority, including the  
7        executive director;
- 8        (4) Enter into contracts for the administration of the  
9        loan program, without the necessity of complying with  
10       chapter 103D;
- 11       (5) Establish loan program guidelines;
- 12       (6) Be audited at least annually by a firm of independent  
13       certified public accountants selected by the  
14       authority, and provide the results of this audit to  
15       the department and the legislature; and
- 16       (7) Perform all functions necessary to effectuate the  
17       purposes of this part.
- 18       (d) The authority shall submit an annual report for the  
19       clean energy revolving loan fund to the legislature no later  
20       than twenty days prior to the convening of each regular session  
21       describing the projects funded and the projected energy impacts.



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

4        "Green infrastructure loan program" or "green energy market  
5 securitization loan program" or "GEMS loan program" means the  
6 loan program established under Act 211, Session Laws of Hawaii  
7 2013, capitalized by the issuance of the green energy market  
8 securitization bonds."

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

11        "~~+~~ §201-20 ~~+~~ ~~[Building energy efficiency]~~ Clean energy  
12 revolving loan fund. (a) There is established in the state  
13 treasury the ~~[building energy efficiency]~~ clean energy revolving  
14 loan fund, similar to a revolving line of credit, which shall be  
15 administered by the ~~[department]~~ authority, and into which shall  
16 be deposited:

- 17        (1) Funds from federal, state, county, private, or other  
18            funding sources;
- 19        (2) Moneys received as repayment of loans and interest  
20            payments; and





1 (3) Any fees collected by the [~~department~~] authority under  
2 this section.

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

15 (c) Appropriations or authorizations from the fund shall  
16 be expended by the [~~department~~] authority. The [~~department~~]  
17 authority may contract with other public or private entities for  
18 the provision of all or a portion of the services necessary for  
19 the administration and implementation of the loan fund program.  
20 The [~~department~~] authority may set fees or charges for fund  
21 management and technical site assistance provided under this



1 section. The [~~department~~] authority may adopt rules pursuant to  
2 chapter 91 to carry out the purposes of this section.

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

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

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

10 "Authority" means the Hawaii green infrastructure  
11 authority.

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

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

20 "Loan fund program" means the clean energy revolving loan  
21 fund program.



1       "Renewable energy" shall have the same meaning as in  
2 section 269-91.

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

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

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

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

17       SECTION 5. There is appropriated out of the clean energy  
18 revolving loan fund of the State of Hawaii the sum of \$5,000,000  
19 or so much thereof as may be necessary for fiscal year 2019-2020  
20 to provide loans or other financial assistance to make clean  
21 energy investments or other authorized uses.



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1           The sum appropriated shall be expended by the Hawaii green  
2 infrastructure authority for the purposes of this Act.

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

5           SECTION 7. This Act shall take effect on July 1, 2019.

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INTRODUCED BY: *Nicole E. Loren*

JAN 22 2019



# H.B. NO. 855

**Report Title:**

Clean Energy Revolving Loan Fund; Hawaii Green Infrastructure Authority

**Description:**

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

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