

---

---

# 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           The legislature also finds that green infrastructure  
10 investment supports Hawaii's evolving energy market and provides  
11 affordable options for Hawaii's ratepayers. Due to the  
12 significant amount of capital required for green infrastructure  
13 investment, the State must leverage private investment with  
14 limited public funds. A growth in the clean energy market will  
15 reduce the cost of clean energy for ratepayers, drive job  
16 creation, and save billions of taxpayer dollars currently being  
17 spent on importing petroleum oil.



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 unavailability 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 customer 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 has facilitated  
8 over \$110,000,000 in solar photovoltaic and energy efficiency  
9 projects, but the program is not able to serve all ratepayers  
10 and focuses only on established technology. The green energy  
11 market securitization bond was an innovative use of a rate  
12 reduction bond, but due to the time lag between the issuance of  
13 the bond and expenditures for improvements, using this bond  
14 financing was inefficient compared to using revolving loan  
15 funds, which are expended annually and in a more expedient  
16 manner.

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



- 1 (1) Creating a clean energy and energy efficiency
- 2 revolving loan fund to finance a broad range of clean
- 3 energy technologies;
- 4 (2) Repealing the building energy efficiency revolving
- 5 loan fund; and
- 6 (3) Making an appropriation out of the clean energy and
- 7 energy efficiency revolving loan fund to make clean
- 8 energy investment loans or for other approved uses.

9 SECTION 2. Chapter 196, Hawaii Revised Statutes, is  
10 amended by adding a new section to part IV to be appropriately  
11 designated and to read as follows:

12 "§196- Clean energy and energy efficiency revolving loan  
13 fund. (a) There is established in the Hawaii green  
14 infrastructure special fund created in section 196-65 the clean  
15 energy and energy efficiency revolving loan fund, similar to a  
16 revolving line of credit, which shall be administered by the  
17 authority. Funds deposited into the clean energy and energy  
18 efficiency revolving loan fund shall not be under the  
19 jurisdiction of nor be subject to public utilities commission  
20 approval, and shall include:



- 1        (1) Any amounts, up to a total amount not to exceed
- 2            \$50,000,000, of moneys borrowed by the Hawaii green
- 3            infrastructure authority, with the approval of the
- 4            governor, from federal, county, private, or other
- 5            funding sources, including but not limited to the
- 6            United States Department of Agriculture and a national
- 7            green bank, pursuant to part III, chapter 39;
- 8        (2) Funds from federal, state, county, private, or other
- 9            funding sources;
- 10       (3) Investments from public or private investors;
- 11       (4) Moneys received as repayment of loans and interest
- 12            payments; provided that the repayment of loans and
- 13            interest payments under this paragraph shall not
- 14            include repayment of loans and interest collected as a
- 15            result of funds advanced from proceeds of green energy
- 16            market securitization bonds; and
- 17       (5) Any fees collected by the authority under this
- 18            section; provided that no moneys collected as a result
- 19            of the funds advanced from proceeds of the green
- 20            energy market securitization bonds be kept separate
- 21            from fees collected as a result of funds advanced from



1           proceeds of the clean energy and energy efficiency  
2           loan fund.

3           (b) Moneys in the clean energy and energy efficiency  
4 revolving loan fund shall be used to provide low-cost loans at  
5 below-market rates or other authorized financial assistance to  
6 eligible public, private, and nonprofit borrowers for clean  
7 energy investments or other authorized uses, or both, on terms  
8 approved by the authority. Moneys from the fund may be used to  
9 cover administrative and legal costs of fund management and  
10 management associated with individual loans, to include  
11 personnel, services, technical assistance, data collection and  
12 reporting, materials, equipment, and travel for the purposes of  
13 this section.

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



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

3 (d) All interest earned on the loans, deposits, or  
4 investments of the moneys in the fund shall become part of the  
5 fund.

6 (e) The authority may establish subaccounts within the  
7 fund as necessary."

8 SECTION 3. Section 196-61, Hawaii Revised Statutes, is  
9 amended by adding ten new definitions to be appropriately  
10 inserted and to read as follows:

11 "Clean energy investments" means the purchase or  
12 installation, or both, of clean energy technology, including  
13 energy efficiency measures, green transportation infrastructure,  
14 recycling, and renewable energy technology.

15 "Green energy money saver on-bill program" means the  
16 tariff-based on-bill repayment mechanism approved for the  
17 exclusive use of the authority by the public utilities  
18 commission.

19 "Green infrastructure loan program" or "green energy market  
20 securitization loan program" means the loan program established



1 under part IV and capitalized by the issuance of the green  
2 energy market securitization bonds.

3 "Limited liability company" shall have the same meaning as  
4 in section 428-101.

5 "Loan fund program" means the clean energy and energy  
6 efficiency revolving loan fund program.

7 "Qualified security" shall have the same meaning as in  
8 section 227D-1.

9 "Renewable energy" shall have the same meaning as in  
10 section 269-91.

11 "Renewable energy technology" means the equipment and  
12 related accessories required to generate or produce renewable  
13 energy.

14 "Special purpose entity" means a legal entity created to  
15 fulfill narrow, specific, or temporary objectives and typically  
16 used by companies to isolate the firm from financial risk.

17 "Subaccount" means a fund that is established within but  
18 separate from another fund and is reserved for a specific  
19 purpose."

20 SECTION 4. Section 196-64, Hawaii Revised Statutes, is  
21 amended to read as follows:





1 " [f] §196-64 [f] **Functions, powers, and duties of the**  
2 **authority.** (a) In the performance of, and with respect to the  
3 functions, powers, and duties vested in the authority by this  
4 part, the authority, as directed by the director and in  
5 accordance with a green infrastructure loan program order or  
6 orders under section 269-171 or an annual plan submitted by the  
7 authority pursuant to this section, as approved by the public  
8 utilities commission, for the green energy market securitization  
9 loan program, may:

- 10 (1) Make loans and expend funds to finance the purchase or  
11 installation of green infrastructure equipment for  
12 clean energy technology, demand response technology,  
13 and energy use reduction and demand side management  
14 infrastructure, programs, and services;
- 15 (2) Hold and invest moneys in the green infrastructure  
16 special fund in investments as permitted by law and in  
17 accordance with approved investment guidelines  
18 established in one or more orders issued by the public  
19 utilities commission pursuant to section 269-171;
- 20 (3) Hire employees necessary to perform its duties,  
21 including an executive director. The executive



- 1 director shall be appointed by the authority, and the  
2 employees' positions, including the executive  
3 director's position, shall be exempt from chapter 76;
- 4 (4) Enter into contracts for the service of consultants  
5 for rendering professional and technical assistance  
6 and advice, and any other contracts that are necessary  
7 and proper for the implementation of the loan program;
- 8 (5) Enter into contracts for the administration of the  
9 loan program, without the necessity of complying with  
10 chapter 103D;
- 11 (6) Establish loan program guidelines to be approved in  
12 one or more orders issued by the public utilities  
13 commission pursuant to section 269-171 to carry out  
14 the purposes of this part;
- 15 (7) Be audited at least annually by a firm of independent  
16 certified public accountants selected by the  
17 authority, and provide the results of this audit to  
18 the department and the public utilities commission;  
19 and
- 20 (8) Perform all functions necessary to effectuate the  
21 purposes of this part.



1 (b) The authority shall submit to the public utilities  
2 commission an annual plan for the green energy market  
3 securitization loan program for review and approval no later  
4 than ninety days prior to the start of each fiscal year. The  
5 annual plan submitted by the authority shall include the  
6 authority's projected operational budget for the succeeding  
7 fiscal year.

8 (c) In the performance of, and with respect to the  
9 functions, powers, and duties vested in the authority by this  
10 part, the authority shall administer the clean energy and energy  
11 efficiency revolving loan fund pursuant to section 196- , and  
12 may:

- 13 (1) Make loans and expend funds to finance the purchase or  
14 installation of clean energy technology and services;  
15 (2) Implement and administer loan programs on behalf of  
16 other state departments or agencies through a  
17 memorandum of agreement and expend funds appropriated  
18 to the department or agency authorized by the  
19 legislature;  
20 (3) Utilize all repayment mechanisms, including the green  
21 energy money saver on-bill program, financing tools,



- 1           servicing and other arrangements, and sources of  
2           capital available to the authority;
- 3           (4) Exercise powers to organize and establish special  
4           purpose entities as limited liability companies under  
5           the laws of the State;
- 6           (5) Acquire, hold, and sell qualified securities;
- 7           (6) Pledge unencumbered net assets, loan receivables,  
8           assigned agreements, and security interests over  
9           equipment financed by loan capital borrowed from  
10           federal, county, or private sources, as collateral for  
11           the authority's borrowings to federal, county, or  
12           private lenders or agencies;
- 13           (7) Utilize the employees of the authority, including the  
14           executive director;
- 15           (8) Enter into contracts for the service of consultants  
16           for rendering professional and technical assistance  
17           and advice, and any other contracts that are necessary  
18           and proper for the implementation of the loan fund  
19           program;



1       (9) Enter into contracts for the administration of the  
2       loan fund program, without the necessity of complying  
3       with chapter 103D;

4       (10) Establish loan fund program guidelines;

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

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

11       (d) The authority shall submit an annual report for the  
12       clean energy and energy efficiency revolving loan fund to the  
13       legislature no later than twenty days prior to the convening of  
14       each regular session describing the projects funded and the  
15       projected energy impacts."

16       SECTION 5. Section 201-12.8, Hawaii Revised Statutes, is  
17       amended by amending subsection (b) to read as follows:

18       "(b) Subject to legislative appropriation, moneys from the  
19       fund may be expended by the Hawaii state energy office for the  
20       following purposes and used for no other purposes, except for  
21       those set forth in this section:



- 1 (1) To support the Hawaii clean energy initiative program  
2 and projects that promote and advance dependable and  
3 affordable energy, renewable energy, energy  
4 efficiency, energy self-sufficiency, and greater  
5 energy security and resiliency for the State and  
6 public facilities;
- 7 (2) To fund, to the extent possible, the climate change  
8 mitigation and adaptation commission and the  
9 greenhouse gas sequestration task force;
- 10 (3) To support achieving the zero emissions clean economy  
11 target set forth in section 225P-5;
- 12 ~~[-(4) To fund the building energy efficiency revolving loan  
13 fund established in section 201-20;~~
- 14 ~~[-(5)]~~ (4) To fund projects and incentives to promote the  
15 adoption of clean transportation technologies, develop  
16 clean vehicle charging infrastructure, and upgrade  
17 infrastructure to support the development of clean  
18 vehicle charging infrastructure; and
- 19 ~~[-(6)]~~ (5) To fund, to the extent possible, the duties of  
20 the state building code council in section 107-24, as



1           they relate to the development of energy conservation  
2           codes."

3           SECTION 6. Section 201-20, Hawaii Revised Statutes, is  
4 repealed.

5           ~~["§201-20] Building energy efficiency revolving loan~~

6 ~~fund.~~ (a) ~~There is established in the state treasury the~~  
7 ~~building energy efficiency revolving loan fund which shall be~~  
8 ~~administered by the department, and into which shall be~~  
9 ~~deposited:~~

10       ~~(1) Funds from federal, state, county, private, or other~~  
11       ~~funding sources;~~

12       ~~(2) Moneys received as repayment of loans and interest~~  
13       ~~payments; and~~

14       ~~(3) Any fees collected by the department under this~~  
15       ~~section.~~

16       ~~(b) Moneys in the building energy efficiency revolving~~  
17 ~~loan fund shall be used to provide low or no interest loans or~~  
18 ~~other authorized financial assistance to eligible public,~~  
19 ~~private, and nonprofit borrowers to make energy efficiency~~  
20 ~~improvements in buildings. Moneys from the fund may be used to~~  
21 ~~cover administrative and legal costs of fund management and~~



1 ~~management associated with individual loans, to include~~  
2 ~~personnel, services, technical assistance, data collection and~~  
3 ~~reporting, materials, equipment, and travel for the purposes of~~  
4 ~~this section.~~

5 ~~(c) Appropriations or authorizations from the fund shall~~  
6 ~~be expended by the department. The department may contract with~~  
7 ~~other public or private entities for the provision of all or a~~  
8 ~~portion of the services necessary for the administration and~~  
9 ~~implementation of the loan fund program. The department may set~~  
10 ~~fees or charges for fund management and technical site~~  
11 ~~assistance provided under this section. The department may~~  
12 ~~adopt rules pursuant to chapter 91 to carry out the purposes of~~  
13 ~~this section.~~

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

16 ~~(e) The department may establish subaccounts within the~~  
17 ~~fund as necessary." ]~~

18 SECTION 7. There is appropriated out of the clean energy  
19 and energy efficiency revolving loan fund the sum of \$50,000,000  
20 or so much thereof as may be necessary for fiscal year 2020-2021





1 to provide loans or other financial assistance to eligible  
2 borrowers for clean energy investments or other authorized uses.

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

5 SECTION 8. Statutory material to be repealed is bracketed  
6 and stricken. New statutory material is underscored.

7 SECTION 9. This Act shall take effect on July 1, 2020.



**Report Title:**

Clean Energy and Energy Efficiency Revolving Loan Fund; Building Energy Efficiency Revolving Loan Fund; Hawaii Green Infrastructure Authority; Appropriation

**Description:**

Creates the clean energy and energy efficiency revolving loan fund under the administration of the Hawaii Green Infrastructure Authority. Repeals the building energy efficiency revolving loan fund. Appropriates funds. (SD1)

*The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.*

