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Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE
on
ENERGY & ENVIRONMENTAL PROTECTION
Tuesday, March 27, 2012
11:00 a.m.
State Capitol, Conference Room 325

in consideration of
HCR 213 / HR 164
**REQUESTING THE ESTABLISHMENT OF A TASK FORCE TO STUDY AND MAKE
RECOMMENDATIONS REGARDING THE CREATION OF A CLEAN ENERGY
BOND LOAN PROGRAM.**

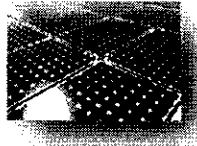
Chair Coffman, Vice Chair Kawakami, and members of the committee.

Department of Business, Economic Development, and Tourism (DBEDT) offers these comments for measures proposed in HCR 213 / HR 164. In October of 2011 DBEDT and the Hawaii Community Reinvestment Corporation (HCRC) announced the launch of GreenSun Hawaii, an innovative energy financing credit enhancement program which uses \$2.69 million made available through a Recovery Act grant from the U.S. Department of Energy. HCRC is a community-based non-profit 501(c)3 organization founded in 1990 to facilitate affordable housing, community development, and economic development statewide. Designated as a Community Development Financial Institution, Community Development Entity and Certified Development Company, HCRC provides below market, long-term, fixed-rate financing for multi-family rental projects and SBA 504 loans to small business owners.

GreenSun Hawaii is a partnership with approved Hawaii-based solar contractors and energy efficiency companies. The program enables customers (residential, commercial, and non profits) to apply for financing for solar water heating and other energy-efficient equipment with up to three participating lenders of their choice through an easy-to-use online application. Following US Department of Energy requirements, the GreenSun Hawaii program will fund energy efficiency improvements as a prerequisite and then fund photovoltaic systems after efficiency improvements are made. The improvements will reduce overall energy consumption and, ultimately, yield significant cost savings to property owners. GreenSun Hawaii loans feature longer terms and lower interest rates than loans offered outside of the program. The goal is to provide financing options that will result in lower monthly payments in comparison to a customer's current utility bill.

Because of our GreenSun Hawaii program, DBEDT feels that a task force is not needed.

Thank you for the opportunity to provide this testimony.



HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

March 27, 2012, 11:00 A.M.

Room 325

(Testimony is 1 page long)

TESTIMONY IN SUPPORT OF HCR 213 / HR 164

Chair Coffman and members of the Committee:

The Blue Planet Foundation strongly supports HCR 213 and HR 164, requesting the establishment of a task force to study and make recommendations regarding the creation of a clean energy bond loan program. While we believe the on-bill financing program passed last year by this legislature and currently under development by the Public Utilities Commission (PUC) will prove useful in helping many residents and businesses overcome the upfront cost hurdle of clean energy, additional financing sources and mechanisms would likely be beneficial.

Hawai'i's risky dependence on imported fuels has spurred the establishment of ambitious energy efficiency and renewable energy goals. Achieving these targets will require aggressive new approaches to overcome the barriers which currently prevent the adoption of clean energy. Fortunately, many energy efficiency and renewable energy options are low-cost or no-cost choices as compared with traditional grid electricity—it's just that the costs appear at different points in time. Energy efficiency is particularly profitable for Hawai'i, where electricity rates sometimes exceed 40-cents per kilowatt-hour. The challenge, however, is overcoming the initial investment cost which prevents many from making economically rational choices.

A revolving bond fund could help eliminate this financial barrier by providing the investment capital upfront and allowing it to be repaid—with profit—through the savings over time. This is a concept that warrants further investigation and structuring by the Department of Business, Economic Development, and Tourism and other stakeholders.

Thank you for the opportunity to testify.