



NEIL ABERCROMBIE  
GOVERNOR

EXECUTIVE CHAMBERS  
HONOLULU

Testimony in **support** of SB1087 SD2  
Relating to Green Infrastructure

Committee on Energy & Environmental Protection

Representative Chris Lee, Chair  
Representative Cynthia Thielen, Vice Chair

March 12, 2013  
8:30 am Room 211

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

The Office of the Governor **supports** Senate Bill 1087, Senate Draft 2, 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.

DBEDT and the PUC have worked with Budget and Finance and have amendments that the Office of the Governor supports. The PUC and DBEDT are available to answer any technical questions you may have.

Thank you for the opportunity to testify.



## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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**  
Tuesday, March 12, 2013  
8:30 a.m.  
State Capitol, Conference Room 325  
  
in consideration of  
**SB 1087, SD2**  
**RELATING TO GREEN INFRASTRUCTURE.**

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

The Department of Business, Economic Development & Tourism (DBEDT) **strongly supports** SB 1087, SD2 a priority of the Abercrombie Administration, to make affordable low-cost financing available for clean energy infrastructure installations that can immediately reduce utility bills and offer long term savings to consumers. This measure establishes a regulatory financing structure to make low-interest credit available for consumers, including homeowners, renters and landlords, and nonprofits, to invest in green infrastructure today, and repay the costs over time through a charge on their utility bill.

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-saving 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, coming mostly 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 cost of capital and, ultimately, lower the cost of clean energy.

This financing structure enables the issuance of green infrastructure bonds in a manner to efficiently leverage public and private capital to bring in a new source of very low-cost funds for clean energy infrastructure in Hawaii. This measure is an enabling framework to raise low cost capital, and establishes processes and procedures to ensure responsible use of and deployment of funds, subject to regulatory approval. 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. SB 1087, SD2 will make cheap credit available, including to the underserved markets—low to moderate income homeowners, renters, churches, and 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 to install solar photovoltaic equipment and receive immediate benefits today, while amortizing the costs over time and paying for those benefits on their utility bill.

Based on collaboration with implementation stakeholders such as the Department of Budget and Finance and Hawaii Public Utilities Commission, DBEDT respectfully proposes the following agreed upon structural amendments to clarify financial, regulatory, and legal aspects of SB 1087, SD2 including:

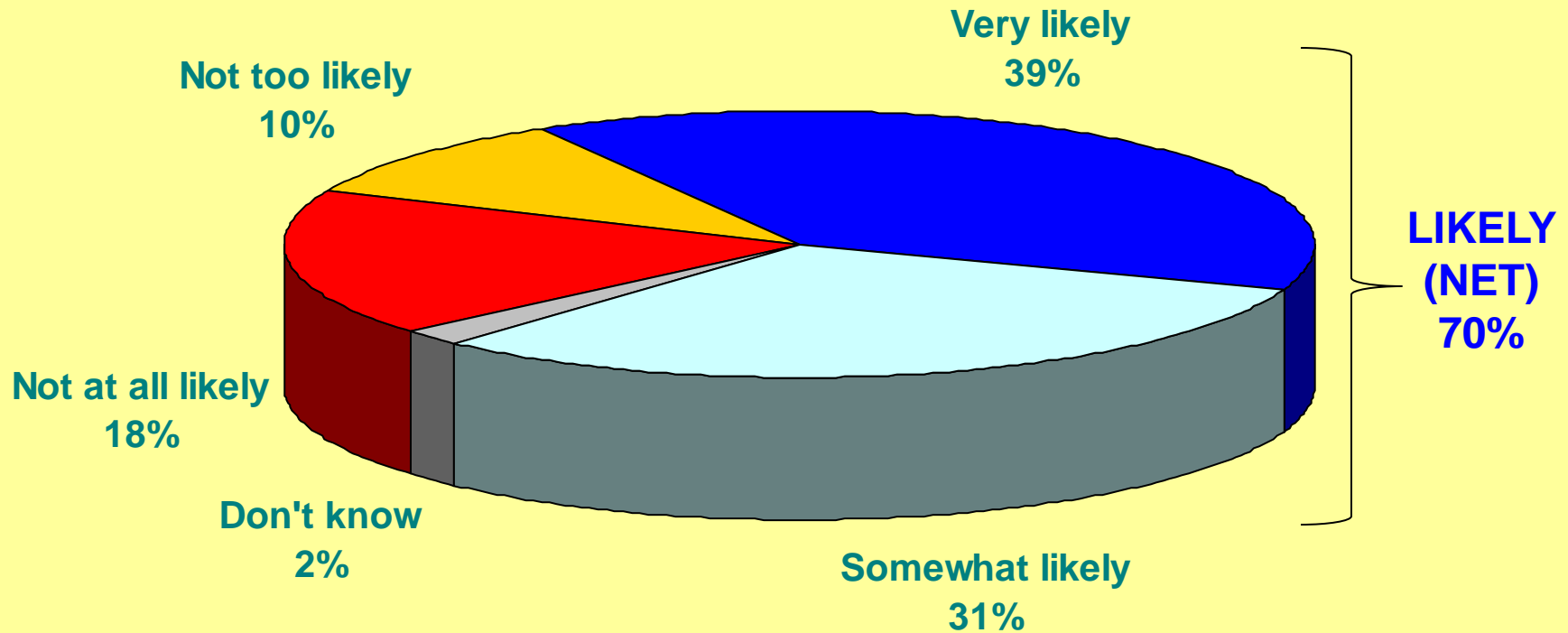
- (1) Adding language in Section 1 to articulate the intent of the bill to support implementation of clean energy financing programs – including on-bill financing and on-bill repayment programs;
- (2) Adding provisions to further clarify the Public Utilities Commission’s regulatory oversight of ratepayer funds and programs;
- (3) Adding clarifying provisions to further articulate the procedures and requirements for financing orders and green infrastructure loan program orders;
- (4) Inserting an amount for the bond issuance authorization;

- (5) Removing Section 7 and Section 9, which appropriated funds out of the general revenues of the State of Hawaii—general funds are not needed to effectuate this measure;
- (6) Inserting appropriation amounts out of the green infrastructure bond fund and green infrastructure special fund;
- (7) Amending the effective date; and
- (8) Making various technical amendments to improve the reading of the measure, including the inclusion of definitions, where necessary, to further clarify the meaning of existing terms; relocation of existing provisions to better fit with the amendments noted above and with existing provisions; and the insertion of appropriate cross-references to incorporate the amendments noted above.

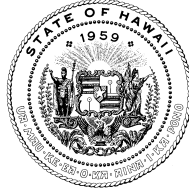
Thank you for the opportunity to offer testimony in support of SB1087, SD2 with these proposed changes.

# 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?



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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DIRECTOR

JO ANN M. UCHIDA TAKEUCHI  
DEPUTY DIRECTOR

**TO THE HOUSE COMMITTEE  
ON ENERGY AND ENVIRONMENTAL PROTECTION**

**THE TWENTY-SEVENTH LEGISLATURE  
REGULAR SESSION OF 2013**

**TUESDAY, MARCH 12, 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**

**SENATE BILL NO. 1087, S.D. 2 - 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 S.B. No. 1087, S.D. 2.

COMMENTS:

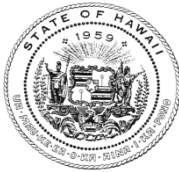
S.B. No. 1087, S.D. 2 is legislation that will enable the DBEDT to create a securitization process to obtain low cost financing that would be used to fund the purchase and installation of various clean energy and energy efficiency devices, such as solar water heaters and solar photovoltaic ("pv") systems. 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.

S.B. No. 1087, S.D. 2 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.



**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**

March 12, 2013

8:30 a.m.

SB 1087, SD2

**RELATING TO GREEN INFRASTRUCTURE.**

Chair Lee, Vice-Chair Theilen, and committee members, thank you for the opportunity to testify on SB1087, SD2. The SPO opposes the amendment in SECTION 2 which includes an exemption from HRS chapter 103D, Hawaii Public Procurement Code (Code), for contracts executed by the Hawaii green infrastructure authority. SPO's testimony is limited to SECTION 2, page 8 lines 12 to 14 of the bill.

Since the inception of the Code in 1994, state and county departments and agencies have procured and awarded contracts totaling billions of dollars. Whether an expenditure was for construction of capitol improvement projects (CIP), or for goods and services to provide needed services to the public, billions of dollars have been awarded pursuant to the Code.

Today, state and county departments and agencies continue to adhere to the Code requirements in conducting their procurements to award contracts. For example, the City & County of Honolulu's rail construction project has and continues to procure and award contracts expending millions of dollars in accordance with the Code. The State Business and IT/IRM Transformation Plan under the management of the Chief Information Officer (CIO), Office of Information Management and Technology (OIMT), has identified areas needing IT services and new systems. The OIMT is currently in various stages of procurements for numerous solicitations and contracts amounting to millions of dollars in contract awards. All of these solicitations and resulting contract awards were and are conducted in accordance with the Code.



Governmental bodies following the Code which provides oversight and accountability, have a responsibility to maintain the confidence of the vendor/contractor community and the public in the procurement system, by conducting procurement in an accountable, ethical and transparent manner, which are vital to good government.

The Code is the single source of public procurement policy to be applied equally and uniformly, while providing fairness, open competition, and a level playing field in the procurement and contracting process. Public procurement's primary objective is to give everyone equal opportunity to compete for government contracts, to prevent favoritism, collusion or fraud in awarding of contracts. The Code should not be viewed as an obstacle to the Green Infrastructure Authority or DBEDT's mission. To legislate that any one entity, the Green Infrastructure Authority or DBEDT, should be exempt from compliance with HRS chapter 103D conveys a sense of disproportionate equality in the law's application.

SPO opposes the language in SECTION 2, page 8, lines 12 to 14 of the bill and ask that it be deleted. Thank you.

TESTIMONY BY KALBERT K. YOUNG  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
STATE OF HAWAII  
TO THE HOUSE COMMITTEES ON ENERGY & ENVIRONMENTAL PROTECTION,  
AND HEALTH  
ON  
SENATE BILL NO. 1087, S.D. 2

March 12, 2013

RELATING TO GREEN INFRASTRUCTURE

Senate Bill No. 1087, S.D. 2 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.

Substantial progress has been made in refining the language of S.B. No. 1087, S.D. 2. The Department of Business, Economic Development and Tourism has submitted proposed amendments to the Committee which the Department supports.

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

MARCH 12, 2013  
8:30 a.m.

**MEASURE:** S.B. No. 1087, S.D. 2  
**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. The Program will be administered by the Department of Business, Economic Development, and Tourism (“DBEDT”) with financing and Program review and approval from the Public Utilities Commission (“Commission”).

**POSITION:**

The Commission strongly supports this measure and would like the opportunity to continue to work with the Legislature to refine and strengthen the Commission’s oversight of the Program and responsibility for electric ratepayers and their contributions to the Program. The following comments are offered for the Committee’s consideration.

**COMMENTS:**

The intent of this measure is to further advance Hawaii’s progress in adopting energy efficiency and renewable energy technologies on the broadest scale possible. S.B. No. 1087, S.D. 2 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. 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.

The Commission has been actively engaged with DBEDT, the Department of Budget and Finance, the Consumer Advocate, and other agencies and stakeholders to fine tune the details of this legislation, and the Commission appreciates the amendments incorporated by previous committees. The Commission supports the most recent proposed amendments being submitted by DBEDT and would like to work with this and subsequent committees to further improve provisions of S.B. No. 1087, S.D. 2 to ensure adequate oversight and protection for the electricity ratepayers.

Thank you for the opportunity to testify on this measure.

Testimony Before the House Committee  
On  
Energy & Environmental Protection

March 12, 2013 (8:30 AM)

S.B. 1087 SD2 RELATING TO GREEN INFRASTRUCTURE

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

Chair Lee 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 S.B. 1087 SD2.

The Companies support the intent of S.B. 1087 SD21 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.

The Companies have been working with DBEDT and the PUC on amending the companion H.B. 856. That collaborative effort has resulted in language which the Companies strongly support. Therefore, we request that the Senate amend S.B. 1087 SD2 to match the version of H.B. 856 that includes DBEDT's and the PUC's amendments, or hold S.B. 1087 SD2 so that the amended H.B. 856 can advance.

Thank you for the opportunity to testify on this measure.



## HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

March 10, 2013, 8:30 A.M.

Room 325

### TESTIMONY IN STRONG SUPPORT OF SB1087 SD2 (Testimony is 3 pages long)

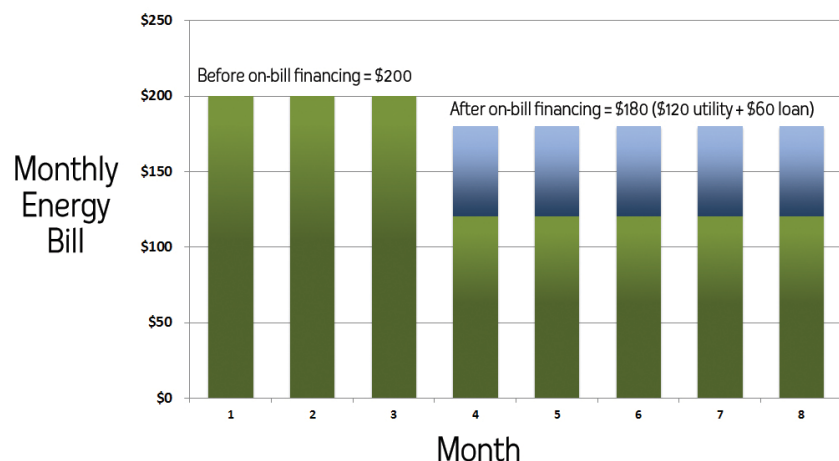
Chair Lee, Vice-Chair Thielen, and members of the Committee:

The Blue Planet Foundation **strongly supports** SB 1087 SD2, enabling the Green Infrastructure Financing Program (“Green Financing”), because it will establish a regulatory framework to: (1) enable ratepayers at every income level to reduce their energy costs; (2) catalyze those savings by leveraging the power of private investment, without detrimentally impacting the State budget; and (3) improve our economy by reducing the amount of money sent out of Hawai‘i to pay for imported fuels.

In addition to this testimony, we are attaching a Green Financing FAQ. We hope that the committee members will find this resource useful in discussing SB 1087 SD2 with constituents and colleagues.

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 the subject of a Public Utilities Commission (“PUC”) docket/working group.



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. Thus, the PUC recently issued its decision finding that on-bill financing is a viable solution for Hawai'i.

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 catalyze private investment in our energy infrastructure;
- (5) It does not raise costs for energy ratepayers; the Green Financing fee established by SB 1087 can simply utilize a portion of the existing Public Benefits Fee,<sup>1</sup> and bond repayments will be made by the program participants (i.e. the ratepayers whose energy bills will be reduced by energy improvements).

SB 1087 will establish the regulatory mechanisms and safeguards necessary to make these benefits achievable for Hawai'i's ratepayers. Blue Planet respectfully urges this committee to forward SB 1087 SD2, to help lower the cost of energy for residents statewide while helping Hawai'i achieve its clean energy goals.

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<sup>1</sup> 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 SB 1087, with enabling legislation such as that proposed by SB 1087.



## GREEN FINANCING FAQ

### WHAT IS THE GREEN INFRASTRUCTURE FINANCING BILL?

The Green Infrastructure Financing ("Green Financing") bill, currently under consideration by state legislators, creates a framework and regulatory mechanism for securing low-cost capital from the private sector to finance clean energy solutions. It is one method for funding Hawai'i's On-Bill Financing program.

### HOW DOES GREEN FINANCING BRING LOW-COST CAPITAL TO HAWAII?

Green Financing combines two proven financing methods to yield large quantities of private investment in Hawai'i's energy infrastructure. The first method is **AAA-rated bond financing**, commonly used by large corporations. The second is **on-bill repayment**. On-bill repayment helps secure the AAA rating, and AAA-rated bonds can secure funds at 2-3% interest. For comparison, neither the state nor our investor-owned utility enjoys a AAA rating. The Green Financing bill contains the framework and provisions necessary to achieve this remarkable solution.

### IS THE STATE LIABLE FOR GREEN FINANCING BONDS?

No. Green Financing is focused on using securitization to **leverage private investment** to improve Hawai'i's energy infrastructure. Green Financing bonds are **not an obligation of the State** and do not impact the State's budget.

### WHO PAYS FOR THE BONDS?

In short, the bonds are repaid from energy savings and will not increase ratepayers' energy bills. The Green Financing program uses two income streams to securitize the bonds and repay bond investors. The first income stream is the energy savings on each participant's monthly bill. Those savings are paid to the utility on ratepayers' monthly bills, and passed on to the Green Financing administrator for repayment to bond holders. The second income stream appears as a Green Financing Fee on every ratepayer's bill. **This is not a new fee.** Instead, it can utilize a portion of the existing Public Benefits Fee that customers already pay to fund various energy efficiency programs.

### HOW MUCH PRIVATE INVESTMENT CAN GREEN FINANCING BRING TO HAWAII?

Green Financing is designed for transformational change—tapping a huge pool of institutional bond investors to garner large amounts of low-cost capital. For example, by pledging \$8 Million of the existing Public Benefits Fee, Green Financing can secure \$100 Million in bond investments. That \$100 Million can be invested directly into energy upgrades in homes and businesses.

### CAN GREEN FINANCING MAKE A DIFFERENCE FOR ORDINARY RATEPAYERS?

Yes. The program can provide capital to ratepayers that have been locked out of traditional financing, such as **tenants** and **low-income households**. Green Financing unlocks energy savings by eliminating the barrier of upfront cost for energy efficiency and clean energy technologies. These technologies are proven to reduce monthly energy bills. From the ratepayers' perspective, they will see a monthly bill that is the same or less each month, until the purchases are paid back, at which point the monthly bills can go down even further.

For more information, visit <http://blueplanetfoundation.org/green-financing-on-bill-financing.html>



# Sierra Club

## Hawai'i Chapter

PO Box 2577, Honolulu, HI 96803

808.538.6616 [hawaii.chapter@sierraclub.org](mailto:hawaii.chapter@sierraclub.org)

### HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION

March 12, 2013, 8:30 A.M.  
(Testimony is 1 page long)

### TESTIMONY IN SUPPORT OF SB 1087 SD2

Aloha Chair Lee and Members of the Committee:

The Sierra Club, Hawai'i Chapter, with 10,000 dues-paying members and supporters, ***strongly supports*** SB 1087 SD2. 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).

SB 1087 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 small 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.

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



## **WRITTEN TESTIMONY IN SUPPORT OF SB 1087 SD2**

### **House Committee on Energy and Environmental Protection**

March 11, 2013

Chair Lee and Vice Chair Thielen,

Environmental Defense Fund (EDF) is pleased to support SB 1087 SD2, legislation that establishes a regulatory financing structure that authorizes the Public Utilities Commission (PUC) and the Department of Business, Economic Development and Tourism (DBEDT) to acquire and provide alternative low-cost financing for clean energy projects.

EDF is a leading national nonprofit organization working to create transformational solutions to the most serious environmental problems. Our mission is to preserve the natural systems, which we do by linking science, economics, law and innovative private-sector partnerships. EDF has been an early advocate and active participant in clean energy financial policy, with significant involvement in the design and implementation process for an On-Bill repayment program in California.

SB 1087 SD2 will expand access to affordable financing, enabling customers to pursue cost-saving clean energy projects. EDF strongly supports SB 1087 SD2's objective to use the green infrastructure bond proceeds to invest in a PUC-ordered on-bill financing program, in line with the February 1<sup>st</sup>, 2013 PUC decision and order that deemed on-bill financing viable for Hawaii. By tying the repayment obligation to the utility meter, the on-bill financing program can reach renters and lower income customers that previously could not access financing due to split incentives and/or poor credit. SB 1087 SD2 enables the PUC and DBEDT to create a funding mechanism that will directly address the needs of these underserved populations and allow residents to lower their utility bills.

With limited sources of public funding for energy efficiency and clean energy and efficiency projects, SB 1087 SD2 offers an innovative solution to leverage private capital to invest in Hawaii and allow the state's ratepayers to benefit. This bill would promote energy efficiency and clean, distributed energy resources that lessen the need for expensive new energy infrastructure, saving ratepayers money and combatting climate change.

Thank you for the opportunity to provide this testimony.

Sincerely,

A handwritten signature in black ink that reads 'Lauren Faber'. The signature is written in a cursive, flowing style.

Lauren Faber, West Coast Political Director

Environmental Defense Fund  
123 Mission Street, 28th Floor  
San Francisco, CA 94105  
T 415 293 6080  
[lfaber@edf.org](mailto:lfaber@edf.org)



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HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION  
Tuesday, March 12, 2013 – 8:30 a.m. – Room 325

**Ulupono Initiative Strongly Supports SB 1087 SD2, Relating to Green Infrastructure**

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 and local leadership. We strive to 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 SB 1087 SD2**, 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.

SB 1087 SD2 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. We respectfully request the committee amend the effective date to "upon approval."

The on-bill financing mechanism is already being considered by the PUC, where many of the critical issues were addressed and resolved. SB 1087 SD2 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. Thank you for this opportunity to testify.

Sincerely,

Murray Clay  
Managing Partner

Pacific Guardian Center, Mauka Tower  
737 Bishop Street, Suite 2350, Honolulu, HI 96813

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COLLEGE OF SOCIAL SCIENCES  
**HAWAII ENERGY POLICY FORUM**  
UNIVERSITY OF HAWAI'I AT MĀNOA

**Hawaii Energy Policy Forum**

Jeanne Schultz Afuvai, Hawai'i Institute for Public Affairs  
Robbie Alm, Hawaiian Electric Co.  
Amy Asselbaye, Office of US Congresswoman Tulsi Gabbard  
Joe Boivin, Hawai'i Gas  
Warren Bollmeier, Hawaii Renewable Energy Alliance  
Albert Chee, Chevron  
Rep. Denny Coffman, Hawai'i State House of Representatives  
Elizabeth Cole, The Kohala Center  
Leslie Cole-Brooks, Hawai'i Solar Energy Assn  
Kyle Datta, Ulupono Initiative  
Laura Dierenfield, Queen Lili'uokalani Trust  
Mitch Ewan, UH Hawai'i Natural Energy Institute  
Jay Fidell, ThinkTech Hawai'i, Inc.  
Carl Freedman, Haiku Design & Analysis  
Sen. Mike Gabbard, Hawai'i State Senate  
Mark Glick, State Energy Office, DBEDT  
Justin Gruenstein, City & County of Honolulu  
Dale Hahn, Office of Senator Brian Schatz  
Michael Hamnett, Research Corporation of the UH  
Robert Harris, Sierra Club  
William Kaneko, Hawaii Institute for Public Affairs  
Jim Kelly, Kaua'i Island Utility Cooperative  
Darren Kimura, Energy Industries Holdings  
Kelly King, Sustainable Biodiesel Alliance  
Representative Chris Lee, Hawai'i State House of Representatives  
Gladys Marrone, Building Industry Assn of Hawai'i  
Doug McLeod, Maui County  
Stephen Meder, UH Center for Smart Building and Community Design  
Lauren Montez-Hernandez, Office of Senator Mazie Hirono  
Hermina Morita, Public Utilities Commission  
Sharon Moriawaki, UH Social Sciences Public Policy Center  
Ron Nelson, U.S. Defense Energy Support Center  
Tim O'Connell, U.S. Department of Agriculture, Rural Development  
Jeffrey Ono, Division of Consumer Advocacy, DCCA  
Winteh K. T. Park, Office of Congresswoman Colleen Hanabusa  
Melissa Pavlicek, Hawaii Public Policy Advocates, LLC  
Rick Rocheleau, UH Hawai'i Natural Energy Institute  
Will Rolston, Hawai'i County  
Peter Rosegg, Hawaiian Electric Co.  
Riley Saito, SunPower Systems Corp  
Joelle Simonpietri, U.S. Pacific Command Energy Office  
H. Ray Starling, Hawaii Energy  
Ah Linn Sue, Hawaii Government Employees Assn  
Ben Sullivan, Kaua'i County  
Lance Tanaka, Tesoro Hawai'i Corp  
Maria Tome, State Energy Office, DBEDT

Testimony of Warren Bollmeier  
Chair, Renewable Energy Working Group  
Hawaii Energy Policy Forum

House Committees on Energy & Environmental Protection and Health  
Tuesday March 12, 2013  
8:30 a.m. Conference Room 325

**IN SUPPORT OF SB 1087 SD2 – Relating to Green Infrastructure**

I am Warren Bollmeier, Chair of the Renewable Energy Working Group of the Hawaii Energy Policy Forum (Forum). The Forum is comprised of 45 representatives from Hawaii's electric utilities, oil and natural gas suppliers, environmental and community groups, renewable energy industry, and federal, state and local government, including representatives from the neighbor islands. We have been meeting since 2002 and have adopted a common vision and mission, and a comprehensive "10 Point Action Plan," which serves as a framework and guide in meeting our preferred energy vision and goals.

HB 1087 SD2 proposes to establish a Hawaii green infrastructure loan program to enable the DBEDT to obtain low-cost financing to fund the purchase or installation of green infrastructure equipment for clean energy technology, demand response technology, and energy use reduction and demand side management infrastructure, programs and services. For example, the issuance of bonds secured by a green infrastructure fee could provide a fund to be used for a PUC-ordered on-bill financing program that allows the consumer to pay for the energy system through the electricity cost savings on the monthly bill.

SB 1087 SD2, if used for an on-bill financing program, will help make affordable financing for cost-saving clean energy systems available to all customers – renters as well as low-income customers who cannot afford the high up-front cost of clean energy and energy-efficient equipment that would lower their electricity bill. The program advances major goals of the Forum in expanding renewable energy opportunities and increasing energy conservation and energy efficiency and, as importantly, gives the cost-saving opportunity to all ratepayers.

Based on the foregoing, the Forum strongly supports ~~HB-857 HD2~~ SB 1087 SD2, and respectfully urges passage of the bill. Thank you for the opportunity to testify.

*This testimony reflects the position of the Forum as a whole and not necessarily of the individual Forum members or their companies or organizations.*

**thielen3 - Charles**

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**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, March 11, 2013 3:21 PM  
**To:** EEPtestimony  
**Cc:** Lardizabal@local368.org  
**Subject:** \*Submitted testimony for SB1087 on Mar 12, 2013 08:30AM\*

**SB1087**

Submitted on: 3/11/2013

Testimony for EEP on Mar 12, 2013 08:30AM in Conference Room 325

Submitted By	Organization	Testifier Position	Present at Hearing
Al Lardizabal	Hawaii Labores' Union	Support	No

**Comments:**

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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March 11, 2013

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

**Support for and Comments to SB 1087, SD2, Relating to Green Infrastructure (Establishes a regulatory financing structure to provide low-cost loans for green infrastructure equipment; requires a report to the legislature; and appropriates funds).**

**Tuesday, March 12, 2013, 8:30 a.m., in Conference Room 325**

The Land Use Research Foundation of Hawaii (LURF) is a private, non-profit research and trade association whose members include major Hawaii landowners, developers and a utility company. LURF's mission is to advocate for reasonable, rational and equitable land use planning, legislation and regulations that encourage well-planned economic growth and development, while safeguarding Hawaii's significant natural and cultural resources, and public health and safety.

**SB 1087, SD2.** This bill establishes 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 Hawaii's clean energy goals; requires a report to the legislature; and appropriates funds. The effective date for this bill is July 1, 2050.

**LURF's Position.** LURF **supports the intent of SB 1087, SD2**, because it would allow residents, non-profits and others who cannot afford the significant "up-front" investment associated with the installation of a photovoltaic system, to enjoy the benefits of renewable energy immediately, and pay for it over time through a charge on their utility bill, also known as "on-bill financing." Making this form of financing available will lower their electricity bills, while also supporting the State's energy goals of self-sufficiency and security.

LURF understands, however, that DBEDT, the PUC, the State Department of Budget and Finance, the Consumer Advocate, Hawaiian Electric Company, and other agencies and stakeholders have worked together to propose amendments to SB 1087, SD2, which are acceptable to all parties. **LURF respectfully requests that this Committee favorably consider the proposed amendments**, which were based on a collaborative process among the stakeholders.

Thank you for the opportunity to provide testimony regarding this proposed measure.