



DAVID Y. IGE
GOVERNOR

GWEN S. YAMAMOTO LAU
EXECUTIVE DIRECTOR

HAWAII GREEN INFRASTRUCTURE AUTHORITY

No. 1 Capitol District Building, 250 South Hotel Street, Suite 501, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
Web site: gems.hawaii.gov

Telephone: (808) 587-3868
Fax: (808) 587-3896

Testimony of
Gwen Yamamoto Lau
Executive Director
Hawaii Green Infrastructure Authority
before the
HOUSE COMMITTEE ON FINANCE
Wednesday, February 26, 2020
12:00 P.M.
State Capitol, Conference Room 308
in consideration of
HOUSE BILL NO. 1844, HD 1
RELATING TO CLEAN ENERGY FINANCING

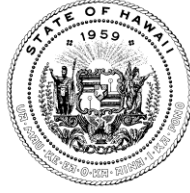
Chair Luke, Vice Chair Cullen and Members of the Finance Committee:

Thank you for the opportunity to testify and provide comments on House Bill 1844, HD1 relating to clean energy financing. This bill proposes to create a clean energy and energy efficiency revolving loan fund under the administration of the Hawaii Green Infrastructure Authority (HGIA). HGIA **strongly supports** this bill.

Attracting and leveraging private capital with limited public funds in a sustainable manner is critical to support Hawaii's evolving energy market and provide affordable energy options for all ratepayers. Our collective goal is to reduce energy costs, drive higher paying job creation/retention and save billions of dollars currently being spent on importing petroleum.

The passage of this bill will enable HGIA to establish a fund, separate from the GEMS ratepayer funds, to place federal, private and other capital, to provide alternative financing options to help the State achieve its clean energy mandates. While HGIA would appreciate state funding, we understand that there are many competing priorities currently more urgent, such as affordable housing and education. As such, the establishment of this vehicle, even without general or barrel tax funds, is the urgent first step needed to provide HGIA the opportunity to attract outside loan capital.

Thank you for this opportunity to testify and provide comments and support HB1844, HD1.



DAVID Y. IGE
GOVERNOR

JOSH GREEN
LT. GOVERNOR

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

335 MERCHANT STREET, ROOM 310

P.O. BOX 541

HONOLULU, HAWAII 96809

Phone Number: 586-2850

Fax Number: 586-2856

cca.hawaii.gov

CATHERINE P. AWAKUNI COLÓN
DIRECTOR

JO ANN M. UCHIDA TAKEUCHI
DEPUTY DIRECTOR

Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Finance
Tuesday, February 26, 2020
12:00 p.m.
State Capitol, Conference Room 308**

**On the following measure:
H.B. 1844, H.D. 1, RELATING TO CLEAN ENERGY FINANCING**

Chair Luke and Members of the Committee:

My name is Dean Nishina, and I am the Executive Director of the Department of Commerce and Consumer Affairs' (Department) Division of Consumer Advocacy. The Department supports the intent of and offers comments on this bill.

The purposes of this bill are to: (1) create the clean energy and energy efficiency revolving loan fund under the administration of the Hawaii Green Infrastructure Authority (Authority); (2) repeal the building energy efficiency revolving loan fund; and (3) allocate a portion of the barrel tax to the clean energy and energy efficiency revolving loan fund.

The Department supports H.D. 1's intent to seek other forms of financing to supplement and/or complement ratepayer-funded programs that finance clean energy technology and infrastructure. Given the State's high energy costs, the ability of ratepayers to support broad areas of the clean energy technology market, especially technologies that may not be commercially viable or cost-effective, are extremely limited.

Consistent with the stated intent of this measure, the Department appreciates how H.D. 1 amends proposed HRS section 196-___(a)(4) to exclude funds collected as payment of loans and interest payments from funds advanced from proceeds of green energy market securitization bonds. However, to more closely match the measure's stated intent to use public funds, the Department believes that additional modifications may be necessary to ensure that ratepayer funds are not used to fund the clean energy and efficiency revolving loan fund. Along those lines, the Department respectfully suggests amending proposed HRS section 196-___(a)(4) and (5) to read as follows:

(4) Moneys received as repayment of principal and interest payments on loans from the clean energy and energy efficiency revolving loan fund;

(5) Any fees collected by the authority pursuant to this section; provided that no moneys collected pursuant to section 269 shall be used to fund the clean energy and energy efficiency revolving loan fund.

In addition, proposed HRS section 196-64(c)(2), which would allow the Authority to “[u]tilize all repayment mechanisms, including the green energy money saver on-bill repayment mechanism, financing tools, servicing and other arrangements, and sources of capital available to the authority[]” could lead to ratepayer funds being used for unintended purposes. Therefore, the Department recommends deleting this language.

Thank you for the opportunity to testify on this bill.

DAVID Y. IGE
GOVERNOR



CRAIG K. HIRAI
DIRECTOR

ROBERT YU
DEPUTY DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND
OFFICE OF THE PUBLIC DEFENDER

STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE
BUDGET, PROGRAM PLANNING AND
MANAGEMENT DIVISION
FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON FINANCE
ON
HOUSE BILL NO. 1844, H.D. 1

February 26, 2020
12:00 p.m.
Room 308

RELATING TO CLEAN ENERGY FINANCING

The Department of Budget and Finance (B&F) offers comments on House Bill (H.B.) No. 1844, H.D. 1.

H.B. No. 1844, H.D. 1, establishes the Clean Energy and Efficiency Revolving Loan Fund (CEERLF) under the administration of the Hawai'i Green Infrastructure Authority; allocates an unspecified sum of the Environmental Response, Energy, and Food Security Tax (Barrel Tax) for deposit into the CEERLF; appropriates an unspecified sum from the CEERLF; and repeals the Building Energy Efficiency Revolving Loan Fund and replaces it with the CEERLF.

Funds from the CEERLF would be used to provide low-cost loans at below-market rates or other authorized financial assistance to eligible public, private, and non-profit borrowers for clean energy investments or other authorized uses. Revenues would be derived from an unspecified allocation of the Barrel Tax for deposit into the CEERLF; federal, State, county, private, or other funding sources; moneys received as repayment of loans and interest payments, excluding payments advanced

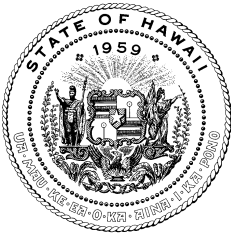
from proceeds of green energy market securitization bonds; and any other fees collected as authorized by this bill.

B&F notes that the language of H.B. No. 1844, H.D. 1, is unclear as to whether the CEERLF is a revolving fund or sub-account of a special fund and recommends the measure be amended to clearly identify the type of fund the CEERLF is intended to be.

As a matter of general policy, B&F does not support the creation of any revolving fund that does not meet the requirements of Section 37-52.4, HRS, nor any special fund that does not meet the requirements of Section 37-52.3, HRS. Both revolving and special funds should: 1) serve a need as demonstrated by the purpose, scope of work and an explanation why the program cannot be implemented successfully under the general fund appropriation process; 2) reflect a clear nexus between the benefits sought and charges made upon the users or beneficiaries or a clear link between the program and the sources of revenue; 3) provide an appropriate means of financing for the program or activity; and 4) demonstrate the capacity to be financially self-sustaining. Regarding H.B. No. 1844, H.D. 1, it is difficult to determine whether the CEERLF would be self-sustaining.

B&F further notes that earmarking any portion of the Barrel Tax for deposit into the CEERLF would result in a loss of general fund revenue that could impact both the Administration's and the Legislature's ability to fund other priorities and initiatives.

Thank you for your consideration of our comments.



HAWAII STATE ENERGY OFFICE STATE OF HAWAII

235 South Beretania Street, 5TH Floor, Honolulu, HI 96813 | energy.hawaii.gov

DAVID Y. IGE
GOVERNOR

SCOTT J. GLENN
CHIEF ENERGY OFFICER

(808) 587-3807

Testimony of
SCOTT J. GLENN, Chief Energy Officer

before the
HOUSE COMMITTEE ON FINANCE
Wednesday, February 26, 2020
12:00 PM
State Capitol, Conference Room 308

In SUPPORT of
HB 1844, HD1
RELATING TO CLEAN ENERGY FINANCING.

Chair Luke, Vice Chair Cullen and Members of the Committee, the Hawaii State Energy Office (HSEO) supports with amendments HB 1844, HD1, which establishes the Clean Energy and Energy Efficiency Revolving Loan Fund under the Hawaii Green Infrastructure Authority (HGIA) and repeals the Building Energy Efficiency Revolving Loan Fund under the Hawaii State Energy Office. HB 1844, HD1, also allocates a portion of the Environmental Response, Energy, and Food Security Tax ("Barrel Tax") to the new fund and appropriate funds.

The HSEO supports the creation of the new revolving loan fund along with a dedicated allocation of the Barrel Tax. The HGIA would be able to deploy funds to support a broad range of clean energy technologies and infrastructure from this type of fund more efficiently compared to using bond financing. And the allocation from the Barrel Tax and an appropriation out of the new revolving loan fund would ensure funds are available to provide loans or other financial assistance to borrowers for clean energy investments.

To coincide with the measure's repeal of the Building Energy Efficiency Revolving Loan Fund, Section 201-20, Hawaii Revised Statutes, the HSEO respectfully requests that Section 201-12.8, HRS be amended to amend subsection (b), deleting the following:

"(4) To fund the building efficiency revolving loan fund established in section 201-20;"

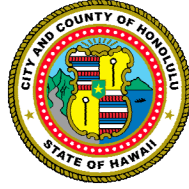
This deletion is necessary for consistency in repealing the Building Energy Efficiency Revolving Loan Fund.

Thank you for the opportunity to testify.

OFFICE OF CLIMATE CHANGE, SUSTAINABILITY AND RESILIENCY

CITY AND COUNTY OF HONOLULU

925 DILLINGHAM BOULEVARD, SUITE 257 • HONOLULU, HAWAII 96817
PHONE: (808) 768-2277 • EMAIL: resilientoahu@honolulu.gov • INTERNET: www.resilientoahu.org



KIRK CALDWELL
MAYOR

JOSHUA W. STANBRO
EXECUTIVE DIRECTOR &
CHIEF RESILIENCE OFFICER

WEDNESDAY, FEBRUARY 26, 2020, 12:00 PM

STATE OF HAWAII
HOUSE COMMITTEE ON FINANCE

**TESTIMONY ON HOUSE BILL 1844, HD1
A BILL RELATING TO CLEAN ENERGY FINANCING**

BY,

JOSHUA STANBRO
EXECUTIVE DIRECTOR AND CHIEF RESILIENCE OFFICER
OFFICE OF CLIMATE CHANGE, SUSTAINABILITY AND RESILIENCY

Dear Chair Luke and Members of the Committee:

The City and County of Honolulu Office of Climate Change, Sustainability and Resiliency **supports** House Bill 1844, HD1, which creates the clean energy and energy efficiency revolving loan fund under the administration of the Hawai'i Green Infrastructure Authority.

A revolving loan fund has the potential to become a powerful tool to finance energy efficiency, renewable energy, and other projects critical to achieving Hawai'i's sustainability and resilience goals. By providing the ability to attract and leverage private sources of capital, a revolving loan fund can lower overall costs and provide access to clean energy technologies for underserved and disadvantaged communities that have not yet been able to afford them. Passage of this bill will enhance Hawai'i's ability to address climate change and protect its citizens from the impact of global heating in an equitable, efficacious, and cost-effective manner.

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



OFFICE OF ECONOMIC DEVELOPMENT
THE COUNTY OF KAUAI

DEREK S. K. KAWAKAMI, MAYOR
MICHAEL A. DAHLIG, MANAGING DIRECTOR

Testimony of Ben Sullivan
Energy & Sustainability Coordinator, Office of Economic Development

Before the
House Committee on Finance
February 26, 2020 12:00pm
Conference Room 308

In consideration of
House Bill 1844 HD1 Relating to Clean Energy Financing

Honorable Chair Luke, Vice Chair Cullen, and Members of the committee,

The County of Kauai **supports** HB 1844 HD1, which creates the clean energy and energy efficiency revolving loan fund under the administration of the Hawaii Green Infrastructure Authority, and repeals the building energy efficiency revolving loan fund.

The County of Kauai recognizes the need for alternative financing options for clean energy and energy efficiency projects for our residents and businesses. We also see the benefits of loan programs that leverage a combination of public and private funds to address market risk and provide greater flexibility to borrowers. This bill addresses three key issues for Kauai:

1. **Access for Kauai Residents:** By decoupling from the Public Benefits Fund (PBF) the program is opened up to participation from Kauai residents and businesses who have been excluded to date because of KIUC's election to not to be included in the PBF.
2. **Alternative borrowing options:** By allowing the use of both public and private funds, the program can more easily be sustained while still meeting the unique needs of low and moderate income residents as well as small businesses who may have viable projects but no way to finance them through conventional means.
3. **Future growth:** Any good program takes time to implement, refine, and mature. Without a strategy for maintaining operations, it is difficult for the maturation process to take place. The GEMS program expires when the current tranch of funding is exhausted. By converting to a revolving fund and a establishing a means of incorporating private capital, this legislation opens the door for alternative clean energy financing to be available in perpetuity.

Kauai is too small to administer complex efficiency programs alone, without a larger base of utility customers. This means that our residents are too often excluded from participating in opportunities to help them reduce their energy use and costs. Although our utility cooperative is a leader in many ways, it simply cannot carry the administrative costs to implement programs such as this. By passing this legislation, we can create needed access to alternative financing for the many NGOs, small businesses, and struggling households on Kauai.

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



HB-1844-HD-1

Submitted on: 2/25/2020 9:46:47 AM

Testimony for FIN on 2/26/2020 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Diane Ley	County of Hawaii Dept of Research & Development	Support	No

Comments:

County of Hawaii supports HB 1844 HD1, which creates a clean energy and energy efficiency revolving loan fund under the administration of the Hawaii Green Infrastructure Authority, and repeals the building energy efficiency revolving loan fund.

County of Hawaii welcomes alternative financing options for clean energy and energy efficiency projects with focus on low and moderate income residents, businesses and non-profits. The leveraging of public and private funds will help to mitigate market risk, while providing greater flexibility and options for borrowers who may not be able to secure financing through conventional pathways. This legislation also opens a new means for alternative clean energy financing that is financially self-sustaining and can help move the needle towards the State's goal of energy self-sufficiency while reducing operating costs of struggling target populations, businesses and non-profits.

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

TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: FUEL, Barrel Tax Earmark for Clean Energy Financing

BILL NUMBER: HB 1844, HD-1

INTRODUCED BY: House Committee on Energy & Environmental Protection

EXECUTIVE SUMMARY: 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. Allocates a portion of the barrel tax to the clean energy and energy efficiency revolving loan fund.

SYNOPSIS: Adds a new section to chapter 196, HRS, to establish the clean energy and energy efficiency revolving loan fund. The stated purpose of the money in the fund is to provide low-cost loans at below-market rates or other authorized financial assistance to eligible public, private, and nonprofit borrowers for clean energy investments or other authorized uses, or both, on terms approved by the authority. Moneys from the fund may be used to cover administrative and legal costs of fund management and management associated with individual loans, to include personnel, services, technical assistance, data collection and reporting, materials, equipment, and travel.

Adds several new definitions to section 196-61, HRS.

Amends section 243-3.5, HRS, to add a new earmark to the barrel tax of ___ cents per barrel to be deposited into the clean energy and energy efficiency revolving loan fund.

Repeals section 201-20, HRS, which had established the building energy efficiency revolving loan fund.

Makes technical and conforming amendments.

EFFECTIVE DATE: July 1, 2050.

STAFF COMMENTS: The proposed measure would perpetuate the earmarking of barrel tax revenues. Below-market loans to fund energy infrastructure may provide some benefit to the State. But does that justify grabbing a pot of barrel tax money without going through the normal budgeting process that also considers sweltering primary schools, underfunded state pensions, or disaster relief for rain-flooded or lava-burnt counties?

Rather than the continual earmarking of revenues, a direct appropriation of general funds would be preferable. Earmarking revenues from any tax type for a particular purpose decreases transparency and accountability.

Apparently, the bill supporters want the Hawaii Green Infrastructure Authority (HGIA) to administer a program that includes making below-market loans. As the Public Utilities

Commission has ruled before, however, HGIA needs to be able to support itself; if it does not, the PUC can and will make orders restricting HGIA's activities. Requiring it to make loans on other than commercially reasonable terms is counter to this goal and will breach either HGIA's or the PUC's fiduciary duties, or the bond covenants under which HGIA borrowed the lion's share of the capital it now has.

Next, it should be remembered that revenues diverted for a special purpose, in this case to fund a questionable loan program, will not be counted against the state's spending ceiling or debt limit and will obscure the state's true financial condition.

Digested 2/24/2020

HB-1844-HD-1

Submitted on: 2/24/2020 12:19:18 PM

Testimony for FIN on 2/26/2020 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Climate Protector	Climate Protectors Coalition	Support	No

Comments:

HB-1844-HD-1

Submitted on: 2/24/2020 6:16:55 PM

Testimony for FIN on 2/26/2020 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Andrea Quinn	Individual	Support	No

Comments:



LATE

183 Pinana St., Kailua, HI 96734 • 808-262-1285 • info@350Hawaii.org

To: The House Committee on Finance
From: Brodie Lockard, Founder, 350Hawaii.org
Date: Wednesday, February 26, 2020, 12:00 pm

In strong support of HB 1844 HD1

Dear Chair Luke, and members:

350Hawaii.org strongly supports HB 1844 HD1.

A revolving loan fund will improve the flaws in previous programs meant to encourage low-income residents to make energy efficiency improvements to their homes.

Since the fund can finance many different clean energy technologies, it will fight the Climate Crisis more by reducing greenhouse gas emissions more.

Equipment for clean energy technology, demand response technology, and energy use reduction and demand side management infrastructure, programs and services provide many more ways to use energy more efficiently.

An annual plan will permit necessary adjustments to the projects funded.

HB 1844 will provide more flexible financing for clean energy projects. It should work even better than earlier financing programs. Please support it.

Brodie Lockard
Founder, 350Hawaii.org