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OFFICE OF THE DIRECTOR
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS

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Testimony of the Department of Commerce and Consumer Affairs

**Before the
House Committee on Energy & Environmental Protection
Tuesday, January 30, 2024
9:00 a.m.
Conference Room 325**

**On the following measure:
H.B. 2685, RELATING TO ENERGY**

Chair Lowen and Members of the Committee:

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

The purpose of this bill is to: (1) establish the solar hui program to allow multi-family residential property owners to invest into a solar hui investment fund to provide loans to low- and moderate-income households to install solar energy systems; (2) establish the solar hui program fund manager position; and (3) appropriate funds.

The Department appreciates how the proposed 196-C(b)(1) section of this bill would establish and provide funds that would allow low- to moderate-income households to take advantage of renewable energy technology and reduce their disproportionate energy burden. Low- to moderate-income households pay a disproportionately higher percentage of their income towards energy bills and typically do not have the financial means to pursue the installation of renewable energy technologies. The proposed solar

hui investment fund would directly address the financial barrier that has prevented many struggling households from reducing their energy cost burden and support those households in moving toward energy independence.

The Department especially appreciates that, as currently drafted, this measure appears to avoid placing an additional financial burden on low- to moderate-income households because the solar hui investment fund will be funded by the general fund and the multi-family residential property owners who choose to invest in the fund and not through fees assessed on all utility customers through their monthly bills. Additional fees to pay for the loan fund through utility rates would further increase the energy bills that many customers have struggled to pay, especially since the pandemic when significant bill increases occurred.

Thank you for the opportunity to testify on this bill.



Testimony of
Gwen Yamamoto Lau
Executive Director
Hawai'i Green Infrastructure Authority
before the
HOUSE COMMITTEE ON ENERGY & ENVIRONMENTAL PROTECTION
Tuesday, January 30, 2024, 9:00 AM
State Capitol, Conference Room 325
in consideration of
House Bill No. 2685
RELATING TO ENERGY

Chair Lowen, Vice Chair Cochran and Members of the Committee:

Thank you for the opportunity to testify on HB2685, relating to energy. The Hawai'i Green Infrastructure Authority (HGIA) **supports** this bill which establishes a solar hui program in which multi-family residential property owners are able to co-invest in solar systems for low- and moderate-income (LMI) households.

This program will expand access to residential property owners that do not own their "roof," such as those living in condos, to participate in clean energy while bridging financing gaps to promote equitable clean energy benefits. In 2022, solar PV represented 17%¹ of the total electricity generated in the State of Hawai'i. Additional funding for solar is needed to achieve the State's 100% clean energy in the electricity sector by 2045.

Condominium units represent almost one-third of Hawai'i's housing stock. This solar hui fund will complement HGIA's equitable energy goals by providing a venue for multi-family residential property owners to accelerate clean energy adoption by investing in a fund to lower the energy burden for low and moderate-income households by installing solar + storage systems through energy services agreements. In return, said investors can offset their energy or other household expenses through tax credit benefits and excess cash flow generated by the solar systems.

HGIA respectfully requests the following amendments:

1. Add "energy services agreement" to §196-A Definitions as follows:

¹ Electricrate.com, "Hawaii Solar Power Facts in 2024."

"Energy services agreement" means the Green Energy Money Saver Energy Services Participant Agreement, which is similar to a solar lease or solar power purchase agreement.

2. On page 1, lines 13 through 17, add "energy project" referenced in §196-B, as follows:

"Solar energy system" or "energy project" means any identifiable facility, equipment, apparatus, or the like, which may include energy storage system(s), that converts solar energy to useful thermal or electrical energy for heating, cooling, or reducing the use of other types of energy that are dependent on fossil fuel for their generation.

3. On page 2, lines 12 through 16, change the financing vehicle from a loan to an energy services agreement, as follows:

(2) Any income derived from:

- (A) Repayment of an energy services agreement with the LMI ratepayer [~~loan~~] provided by the solar hui investment fund; or
- (B) Generation of energy from an energy project entered into by the fund manager.

4. On page 3 lines 19 to 20, change financing vehicle from loans to energy services agreements, as follows:

(1) [~~Provide low-interest loans~~]Enter into energy services agreements with [~~to~~] low- and moderate-income households to install a solar energy system;

The funding structure of the solar hui program also supports local economic development, job creation and a greener environment.

Thank you for this opportunity to provide comments and testify in support of HB2685.

TESTIMONY OF
LEODOLOFF R. ASUNCION, JR.
CHAIR, PUBLIC UTILITIES COMMISSION
STATE OF HAWAII

TO THE
HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

January 30, 2024
9:00 a.m.

Chair Lowen, Vice Chair Cochran, and Members of the Committee:

MEASURE: H.B. No. 2685

TITLE: RELATING TO ENERGY.

DESCRIPTION: Establishes the solar hui program to allow multi-family residential property owners to invest into a solar hui investment fund to provide loans to low- and moderate-income households to install solar energy systems. Establishes the solar hui program fund manager position. Appropriates funds.

POSITION:

The Public Utilities Commission (“Commission”) offers the following comments for consideration.

COMMENTS:

The Commission appreciates the intent of this measure to provide multi-family residential property owners an opportunity to participate in a solar hui investment fund program to be administered by the Hawaii Green Infrastructure Authority, and which will offer low- and moderate-income households low-interest loans for solar energy system installations.

The Commission recognizes that the proposed solar hui investment fund program aligns with our state’s renewable energy and decarbonization goals, while also aiming to provide equitable opportunities for economically constrained households facing increased financial energy burden to participate in, and benefit from, Hawaii’s clean energy transition.

Thank you for the opportunity to testify on this measure.



JOSH GREEN, M.D.
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DIRECTOR

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ADMINISTRATIVE AND RESEARCH OFFICE
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FINANCIAL ADMINISTRATION DIVISION
OFFICE OF FEDERAL AWARDS MANAGEMENT

WRITTEN ONLY
TESTIMONY BY LUIS P. SALAVERIA
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION
ON
HOUSE BILL NO. 2685

January 30, 2024
9:00 a.m.
Room 325 and Videoconference

RELATING TO ENERGY

The Department of Budget and Finance (B&F) offers comments on this bill.

House Bill (H.B.) No. 2685 establishes the Solar Hui Program (SHP) and Solar Hui Investment Fund (SHIF) to be administered by the Hawai'i Green Infrastructure Authority (HGIA). The SHP would allow multi-family residential property owners to invest in the SHIF and, in return, be eligible to receive any tax credit associated with the installation of a solar energy system, subject to the requirements of the tax credit, and any income derived from the repayment of a loan provided by the SHIF or from the generation of energy from an energy project under the SHP. This bill also appropriates an unspecified amount of general funds in FY 25 for HGIA to implement the SHP and to establish 1.00 position to manage the SHP.

As a matter of general policy, B&F does not support the creation of any special fund which does not meet the requirements of Section 37-52.3, HRS. 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. 2685, it is difficult to determine whether the proposed special fund would be self-sustaining.

In addition, as the HGIA is primarily special funded, any operating costs, including the salary of a position to administer the SHP, should be appropriated out of the HGIA special fund or the SHIF created by this measure.

Thank you for your consideration of our comments.



HOUSE COMMITTEE ON ENERGY AND ENVIRONMENTAL PROTECTION

January 30, 2024, 9:00 AM

Room 325

TESTIMONY IN SUPPORT OF HB 2685

Aloha Chair Lowen, Vice Chair Cochran, and Committee members:

Blue Planet Foundation **supports HB 2685**, which establishes a Solar Hui Program to help multi-family households in Hawai'i gain access to low-interest loans for rooftop solar. Hawai'i's residents face many challenges including a high cost of living, lack of affordable housing, and an increasingly serious climate crisis. This bill will incentivize the adoption of solar energy—helping us meet our climate goals, improve grid resiliency, and provide utility savings to low- and moderate-income homeowners and ratepayers.

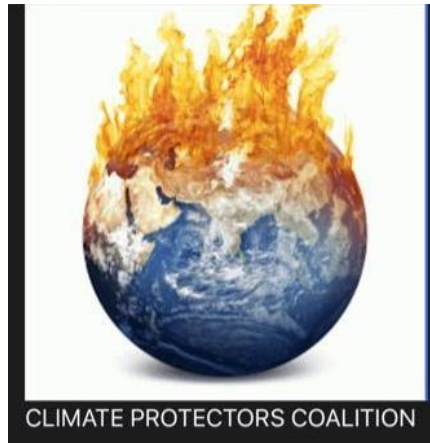
The State of Hawai'i has committed to a decisive and irreversible transition away from fossil fuels. The legislature has passed aggressive carbon reduction goals, including a mandate to achieve 100% renewable electricity by 2045 (Act 97 of 2015), and a goal to be carbon-negative by 2045 (Act 15 of 2018). Setting these bold targets is important, but alone it is insufficient. Hawai'i needs equitable and implementation-focused policies, like HB 2685, if we hope to achieve our clean energy and climate goals in a way that uplifts all of Hawai'i's residents.

Hawaiian Electric's current plan for achieving Hawai'i's 100% renewable energy goal includes power generation from the rooftop of nearly every home across the islands. Over 106,000 homes on O'ahu, Maui, and Hawai'i island¹ and 6,000 homes on Kaua'i² have already installed rooftop solar. Residential rooftop solar is a proven tool to help homeowners and renters save money and reduces the need for utility investments in the power grid. When paired with batteries, rooftop solar panels can also increase resiliency in neighborhoods, helping homes keep the lights on and communication powered during a blackout.

Blue Planet supports HB 2685 to expand Hawai'i's existing solar energy loan program to multi-family households to help remove barriers to adopting clean energy solutions. By reducing imports of fossil fuel, decreasing monthly utility bills, and reducing carbon emissions, HB 2685 is a smart policy response for Hawai'i's future. Thank you for the opportunity to provide testimony in support of this measure.

¹ "Cumulative Installed PV - As of December 2023" *Hawaiian Electric Company*. Accessed January 27, 2024. (hawaiianelectric.com/documents/clean_energy_hawaii/clean_energy_facts/pv_summary_4Q_2023.pdf)

² Per KIUC testimony on SB 781 from 2023, page 12, see: https://www.capitol.hawaii.gov/sessions/session2023/Testimony/SB781_TESTIMONY_EET-GVO_02-09-23_.PDF



To: The Honorable Representative Nicole Lowen, Chair, the Honorable Elle Cochran, Vice Chair, and Members of the Committee on Energy and Environmental Protection.

From: Climate Protectors Hawai'i (by Ted Bohlen)

Re: Hearing HB2685 **RELATING TO ENERGY**

Hearing: Tuesday January 30, 2024 9:00 a.m.

Aloha Chair Lowen, Vice Chair Cochran, and Energy and Environmental Protection Committee Members:

The mission of the Climate Protectors Hawai'i is to educate and engage the local community in climate change action, to help Hawai'i show the world the way back to a safe and stable climate.

The Climate Protectors Hawai'i SUPPORTS HB2685!

Hawai'i has established a target of becoming carbon negative as soon as practicable but not later than 2045. In order to reach that target, Hawaii must reduce its greenhouse gas emissions. A major way to reduce greenhouse gases is by encouraging solar power development.

This bill would establish a solar hui program that would allow multi-family residential property owners to invest in a solar hui investment fund to provide loans to low and moderate income households to install solar energy systems. Multi-family low and moderate income households could save money by installing solar energy systems, but face financial barriers. This bill would help them overcome those barriers and help Hawaii reach its carbon negative target.

Please pass this bill.

Mahalo!

Climate Protectors Hawai'i (by Ted Bohlen)



To: The House Committee on Energy and Environmental Protection
From: Sherry Pollack, 350Hawaii.org
Date: Tuesday, January 30, 2024, 9am

In strong support of HB2685

Aloha Chair Lowen, Vice Chair Cochran, and Energy and Environmental Protection Committee members,

I am Co-Founder of the Hawaii chapter of 350.org, the largest international organization dedicated to fighting climate change. 350Hawaii.org **supports HB2685** that establishes the solar hui program to allow multi-family residential property owners to invest into a solar hui investment fund to provide loans to low- and moderate-income households to install solar energy systems.

Hawaii will not be able to reach its carbon reduction goals if we do not enact policies that support these outcomes. 350Hawaii fully supports efforts by the legislature to establish social equity as a foundational principle in the State's efforts to strengthen climate resilience, including low-interest loan programs as described in this measure. This program will enable capital constrained households to switch to lower cost, as well as cleaner sources of electricity. ALICE (Asset Limited, Income Constrained, Employed) households would directly benefit from a program that helps overcome financial challenges such as high electricity costs and inflation.

A just transition means leaving no one behind. That includes efforts such as HB2685 that help to remove barriers and increase access to affordable renewable energy.

Mahalo for the opportunity to testify in **support** of this important legislation.

Sherry Pollack
Co-Founder, 350Hawaii.org

HB-2685

Submitted on: 1/29/2024 3:57:16 PM

Testimony for EEP on 1/30/2024 9:00:00 AM

Submitted By	Organization	Testifier Position	Testify
Mike Onofrietti	Individual	Support	Written Testimony Only

Comments:

It is difficult for low and moderate income households to afford solar energy systems to reduce their reliance on electric utilities. Additionally, condominium unit owners are unable to benefit from solar energy systems due to the nature of their living arrangements. HB2685 allows both of these groups to participate in clean energy solutions, one as an end-user and the other as an investor. This is an innovative approach benefiting both groups and allows us to move towards Hawaii's long-term clean energy goals.

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