

**JOSH GREEN, M.D.**  
GOVERNOR

**SYLVIA LUKE**  
LT GOVERNOR



## Hawaii Green Infrastructure Authority

An Agency of the State of Hawaii

**JAMES KUNANE TOKIOKA**  
CHAIR

**GWEN S YAMAMOTO LAU**  
EXECUTIVE DIRECTOR

March 28, 2024

The Honorable Chair and Members of the  
Hawaii Public Utilities Commission  
Kekuanaoa Building  
465 South King Street, First Floor  
Honolulu, HI 96813

Dear Commissioners:

Subject: Docket No. 2014-0135 - HGIA Annual Plan

The Hawaii Green Infrastructure Authority respectfully submits this Annual Plan for the 2025 Fiscal Year: July 1 2024 to June 30, 2025. This plan fulfills the requirement for the Annual Plan in accordance with Hawaii Revised Statutes §196-64(b) and Decision and Order No. 32318 filed on September 30, 2014 in Docket No. 2014-0135.

As always, should you have any questions or if I can be of assistance to you, please do not hesitate to contact me.

Sincerely,

Gwen S Yamamoto Lau  
Executive Director

Attachment

Cc: Service List

## SERVICE LIST

An electronic copy of HGIA's FY2025 Annual Plan: July 1, 2024 to June 30, 2025 has been filed in Docket No. 2014-0135, together with this Certificate of Service, in addition to the following, at the following addresses:

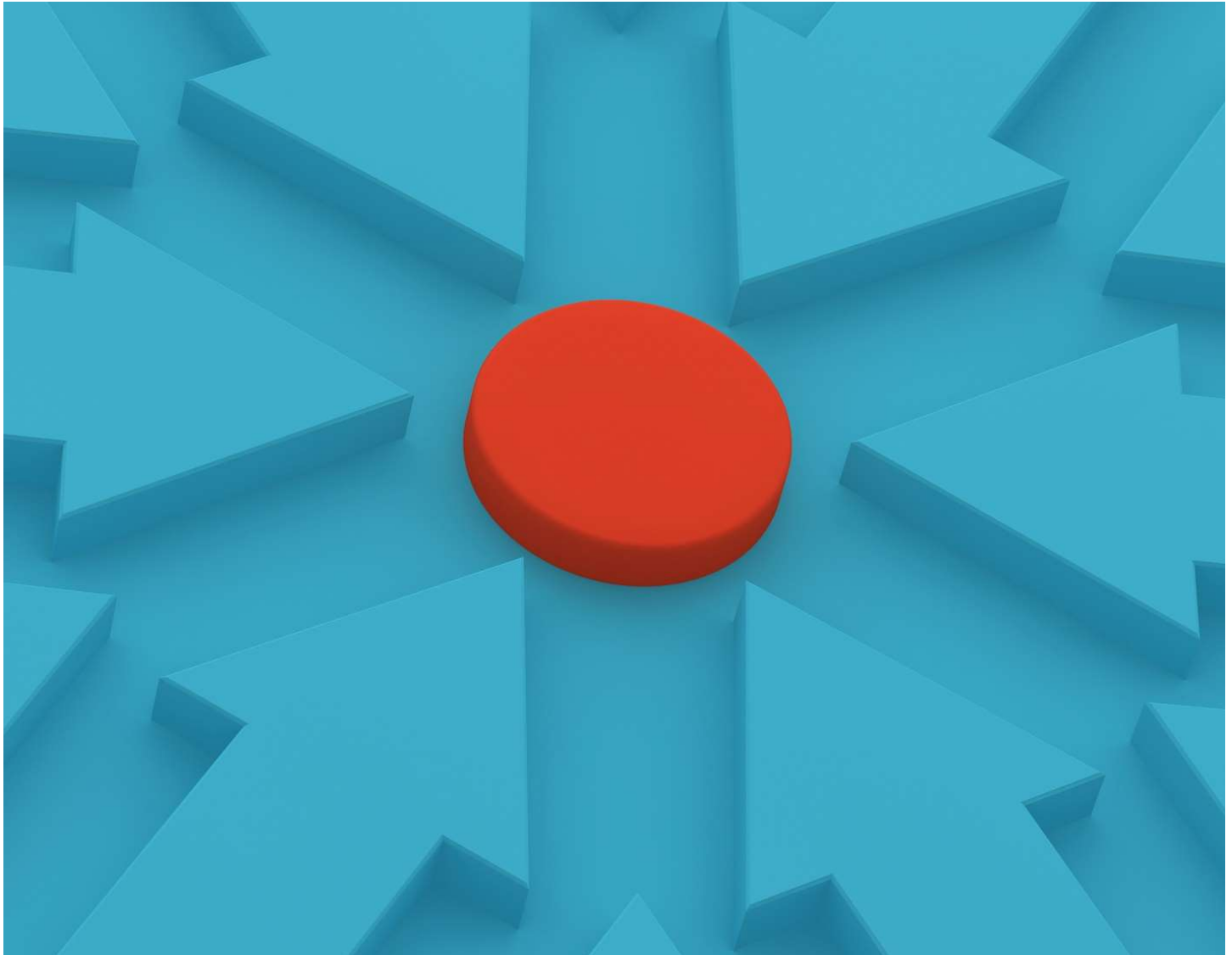
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Dated: March 28, 2024  
Honolulu, Hawaii



# **ANNUAL PLAN**

# **FISCAL YEAR 2025**

JULY 1, 2024 TO JUNE 30, 2025

Report to the State of Hawaii  
Public Utilities Commission  
Pursuant to Hawaii Revised Statutes §196-64(b)  
Decision and Order No. 32318 filed in Docket No. 2014-0135

**Department of Business, Economic Development & Tourism**  
**March 2024**

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# EXECUTIVE SUMMARY

## Facilitating Inclusivity and Accessibility

When HGIA was constituted nearly ten (10) years ago as a de novo green bank, inclusive financing for underserved ratepayers was a novel idea. However, with the White House's Justice40 initiative, which requires that 40% of some federal funds to benefit low-income households and disadvantaged communities, energy equity has not only become "mainstream" but ensuring an equitable and just transition is also necessary.

As the Authority nears its ten-year milestone, its focus for the upcoming year may include these additional initiatives:

Solar for All. A Solar for All award from the EPA will augment existing loan capital and also provide HGIA with funding for internal capacity building.

Equitable Clean Water. If selected, HGIA will be participating in a 9-month Cohort to design a clean water financing program that serves disadvantaged communities; identify a pipeline of projects; and gain access to loan capital to implement said financing program.

Climate Pollution Reduction Implementation Grant. If awarded, HGIA will be leading a 15-state coalition to implement a program to install solar+storage systems on state, city or county buildings.

Commercial Property Assessed Financing. If HB2801, HD1, SD1 is signed into law, the Authority will be able to immediately launch its C-PACER financing program as it will be elevated to a Statewide program and will no longer need to have each County pass an ordinance to implement.

Solar Hui. If HB2685, HD2, SD1 is signed into law, the Authority will design and implement an investment fund.

Request to retain interest income. The Authority will be submitting a Program Modification to request approval to retain loan interest income to offset its administrative expenses.

The Authority is looking forward to another busy and impactful year, in collaboration with relevant stakeholders to meet the state's goals, increase economic development and serve the public good.



## Who We Are

The Hawaii Green Infrastructure Authority ("HGIA" or "Authority") was created by the Legislature to make clean energy investments accessible and affordable to Hawaii's ratepayers.

The Authority's GEMS Financing Program was capitalized through an innovative market-driven financing mechanism, accessing non-public funds, to benefit underserved communities, low and moderate-income households, renters, small businesses and non-profits, while collectively advancing the State's Energy Efficiency Portfolio Standards ("EEPS") and support efforts to achieve its 100% Renewable Portfolio Standard ("RPS") goal in the electricity sector by 2045.










As HGIA expands its programs and sources of funds, it is rebranding from "GEMS" to the "Hawaii Green Infrastructure Authority".

# IMPACTS



## Hawaii Green Infrastructure Authority

As of December 31, 2023

	<p><b>\$13.4 Million</b></p> <p>Cumulative Excess Revenue over Expenses prior to <b>\$17.9 million</b> transferred to PUC</p>	<p><b>\$297.9 Million</b></p> <p><b>Economic Multiplier Impact</b></p> 	<p><b>985,677,843</b></p> <p><b>kWh</b></p> 
<p><b>\$17.5 Million</b></p>  <p>Hawaii State Tax Revenue Generated</p>			<p>Estimated kWh Produced/Reduced over Lifetime</p>
	<p><b>296,484</b></p> <p><b>Estimated Metric Tons of CO2</b></p> <p>Total Greenhouse Gas Avoidiced over Lifetime</p>	<p><b>605,218</b></p> <p><b>Barrels</b></p>  <p>Estimated Total Petroleum Displaced Over Lifetime</p>	
	<p><b>1,441</b></p> <p><b>Jobs Created or Retained</b></p>		<p><b>86%</b></p> <p><b>Underserved Residential Households Served</b></p>
	<p><b>SSBCI HI-CAP Collateral Support &amp; Loans Programs</b></p> <p>\$2.6 million in Federal SSBCI Funds have caused <b>\$18.8 million in loans</b> and credit facilities for eligible small businesses and nonprofits.</p>		



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## INTRODUCTION AND BACKGROUND

Act 211 Session Laws of Hawaii 2013 (“Act 211”), created the framework for establishing the Hawaii Green Infrastructure Authority (HGIA or Authority), including its oversight, governance, and reporting processes. The Authority is governed by the five-member Hawaii Green Infrastructure Authority, consisting of the Director of Business, Economic Development, and Tourism, the Director of Finance, the State’s Chief Energy Officer, and two members appointed by the Governor with the advice and consent of the Hawaii State Senate.

In November 2014, the Authority was constituted to democratize clean energy by making clean energy improvements affordable and accessible to a broader cross-section of Hawaii’s ratepayers to lower the energy burden of underserved ratepayers while advancing the State’s goal of achieving 100 percent renewable portfolio standard in the electricity sector by 2045. As the loan program was capitalized with the \$146.0 million net proceeds of the Green Energy Market Securitization (“GEMS”) Bonds issued in November 2014, the Hawaii Public Utilities Commission governs the GEMS Loan Program. The Authority began accepting loan applications in July 2015.

In April 2019, along with then Governor Ige, the Hawaii Public Utilities Commission, and the Hawaiian Electric Company, Inc., the Authority announced the official launch of its Green Energy Money Saver (GEM\$) On-Bill Financing Program, with a risk mitigating loan repayment mechanism tied to the utility meter and paid through the Hawaiian Electric Companies’ electric utility bill. This game-changing repayment mechanism enabled the Authority to abandon traditional credit underwriting and instead offer an even more inclusive, non-traditional financing program that better serve disadvantaged communities and other underserved ratepayers.

With the GEM\$ on-bill repayment mechanism, the Authority strengthened its commitment to underserved ratepayers during its August 15, 2019 board meeting by limiting the use of all remaining GEMS loan capital to only LMI homeowners and renters, nonprofits, small businesses and multi-family rental projects.

In June 2021, the Legislature passed Act 107, which among other things, allows HGIA to implement and administer loan programs on behalf of other state departments and agencies through a memorandum of agreement (MOA). In March 2022, HGIA entered into an MOA with its sister agency, the Hawai’i Technology and Development Corporation (HTDC), to administer credit-related programs under the State Small Business Credit Initiative (SSBCI) awarded to HTDC. Some \$40 million in Federal funds are expected over the next five years for HGIA to administer the following three SSBCI programs:

- (1) Hawai’i Small Business Capital Program (HI-CAP) Collateral Support Program – which provides credit enhancements in the form of cash collateral to support loans made by Participating Lenders to small businesses and nonprofits for eligible purposes.
- (2) HI-CAP CDFI Loan Program – which provides Community Development Financial Institutions (CDFI) access to low-cost capital to re-lend to eligible small businesses and nonprofits.
- (3) HI-CAP Loans Program – which participates or co-lends with Participating Lenders to businesses or nonprofits spearheading transformative projects that accelerate the state’s

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economic development and other goals. Projects considered transformative include but are not limited to those in renewable energy, innovation, local agriculture, dual-use technology, manufacturing or creative industry related projects.

In June 2022, the Legislature passed Act 183, authorizing commercial property assessed financing (also known as C-PACER) in Hawai'i. In addition to energy efficiency and clean energy improvements, Hawai'i's program includes wastewater, drinking water, and resiliency measures as qualified improvements. The statute requires each county to pass an ordinance and execute an MOA with HGIA to implement its program.

HGIA's financing programs fill market gaps, stimulates private investments and leverages innovative tools to mitigate risks and reach new markets.

As a part of Act 211, the Authority was established to fulfill specific duties, responsibilities and requirements. As part of its statutory requirements, "the [A]uthority shall submit to the [Commission] an annual plan for review and approval no later than ninety days prior to the start of each fiscal year. The annual plan submitted by the [A]uthority shall include the [A]uthority's projected operational budget for the succeeding fiscal year." The Authority therefore submits this Fiscal 2025 Annual Plan, which covers the period from July 1, 2024 to June 30, 2025 ("Annual Plan").

## Introduction and Procedural History

The Commission issued and filed Decision and Order No. 32318 on September 30, 2014 in Docket No. 2014-0135 (the "Program Order") that approved the "Application of the Department of Business, Economic Development, and Tourism for an Order Approving the Green Infrastructure Loan Program," filed by the Authority ("Application") on June 6, 2014. The Program Order approved the use of funds deposited in the Green Infrastructure Special Fund to establish and implement the GEMS Program, subject to the modifications described within the order.

As stated in the Application and paraphrased from the Preamble of Act 211, the key objectives of the GEMS Program are to:

1. Address financing market barriers to increase the installation of clean energy projects and infrastructure to meet the State's clean energy goals, including the RPS and EEPS Standards;
2. Democratize clean energy by expanding access and affordability of renewable energy and energy efficiency projects for identified underserved markets, while expanding the market generally;
3. Enable more ratepayers to reduce their energy use and energy costs by helping them finance clean energy improvements;
4. Partner with and support existing market entities in the clean energy and financing sector to ensure the GEMS Program can bridge market gaps and facilitate a sustainable and efficient private sector market; and
5. Balance the aforementioned goals and objectives with repayment risk to achieve an appropriate rate of return and build a sustainable financing program.



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## Annual Plan Requirements

The Application submitted by the Authority further defined the Annual Plan as containing “information on the budget, operations, and plans for the coming fiscal year.”<sup>1</sup> The Program Order then placed requirements on the contents of the Annual Plan in addition to the statutory plan requirements in HRS §196-64(b) and the description in the Application. Specifically, the Program Order states that “all parties involved should endeavor to ensure that such capital is used as efficiently as possible for that purpose.”<sup>2</sup> The Program Order directs the Authority to develop administrative cost controls and submit them as part of its initial Annual Plan. The Order also requires that the Authority include:

1. Summaries of all Quarterly Report information provided over the Annual Plan reporting period.<sup>3</sup> The Quarterly Reports also contain information required for the Annual Plan, such as:
  - a. Information on the use of GEMS funds for utility-scale projects and specifics that need to be reported in the event that GEMS funds are used for utility-scale projects.<sup>4</sup>
  - b. A report of the “details of any failure on the part of any Deployment Partner to comply with these consumer protection policies to the [C]ommission, including the number of complaints and the steps taken to address such complaints”.<sup>5</sup>
  - c. Information on utility system costs resulting from GEMS Program-funded projects.<sup>6</sup>
2. “[D]etailed consideration and discussion of how the green infrastructure [HGIA] proposes to finance will be successfully integrated into the grid, and how such infrastructure will continue to support the ongoing transformation of the State’s electric systems over time.”<sup>7</sup>
3. Summarized “[final] details of both the direct billing and On-bill Mechanism to be used in the GEMS Program”.<sup>8</sup>

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<sup>1</sup> See “Application of the Department of Business, Economic Development, and Tourism for an Order Approving the Green Infrastructure Loan Program,” filed in Docket No. 2014-0135 on June 6, 2014, at p. 17.

<sup>2</sup> See “Decision and Order No. 32318,” filed in Docket No. 2014-0135 on September 30, 2014, at p. 38. See Act 211, Section 1 which states that [t]he legislature further finds that the upfront costs of green infrastructure equipment are a barrier preventing many electric utility customers from investing in these infrastructure installations. Existing programs and incentives do not serve the entire spectrum of the customer market, particularly those customers who lack access to capital or who cannot afford the large upfront costs required, thus creating an underserved market. It is in the public interest to make cost-effective green infrastructure equipment options accessible and affordable to customers in an equitable way.

<sup>3</sup> See “Decision and Order No. 32318,” filed in Docket No. 2014-0135 on September 30, 2014, at p. 95.

<sup>4</sup> See “Decision and Order No. 32318,” filed in Docket No. 2014-0135 on September 30, 2014, at p. 59-60.

<sup>5</sup> Consumer protection policies must be developed by the Authority. See “Decision and Order No. 32318,” filed in Docket No. 2014-0135 on September 30, 2014, at p. 65-66.

<sup>6</sup> See “Decision and Order No. 32318,” filed in Docket No. 2014-0135 on September 30, 2014, at p. 97.

<sup>7</sup> See “Decision and Order No. 32318,” filed in Docket No. 2014-0135 on September 30, 2014, at p. 50.

<sup>8</sup> See “Decision and Order No. 32318,” filed in Docket No. 2014-0135 on September 30, 2014, at p. 71.

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## SUMMARY OF ACTIVITIES

### Quarterly Report Summary

Since the filing of its last Annual Plan for Fiscal Year 2024 in March 2023, the Authority submitted four Quarterly Reports to the Commission:

1. Quarterly Report: January 1, 2023 to March 31, 2023;
2. Quarterly Report: April 1, 2023 to June 30, 2023;
3. Quarterly Report: July 1, 2023 to September 30, 2023; and
4. Quarterly Report: October 1, 2023 to December 31, 2023.

### Summary of Administrative Activities

The following administrative activities were reported in the Quarterly Reports. Additional activities that occurred after December 31, 2023 are reported in the section titled “Additional Activities” and will be included in HGIA’s next Quarterly Report for the quarter ended March 31, 2024.

**Board Meetings.** The Authority held the following Board Meetings during the year:

- January 30, 2023, during which it approved the Secretary’s Certificate accepting the terms and conditions of the USDA RESP loan and approved HGIA’s Quarterly Report for the period ended December 31, 2022.
- March 31, 2023, during which the board was provided an update on the safety and soundness of the financial institution holding the Authority’s deposits and the board approved HGIA’s Fiscal Year 2024 Annual Plan.
- April 26, 2023, during which it approved HGIA’s Quarterly Report for the period ended March 31, 2023.
- July 31, 2023, during which it elected Dennis Wong as Vice Chair and Mark Glick as Secretary. It also approved HGIA’s Quarterly Report for the period ended June 30, 2023.
- October 31, 2023, during which it ratified the optional loan deferrals offered to Maui borrowers in August 2023. It also approved an amendment to HGIA’s By-Laws to increase lending limits and other non-substantive changes. HGIA’s Quarterly Report for the period ended September 30, 2023 was also approved during this meeting.

### Summary of Program Development and Implementation

The following program development and implementation activities were reported in the Quarterly Reports. Additional actions that occurred after December 31, 2023 are reported in the Additional Activities Section and will be included in HGIA’s next Quarterly Report for the quarter ending March 31, 2024.

**Docket Activities.** The following were filed in Docket No. 2014-0135 during the year:

- Quarterly Report covering the period of October 1, 2022 to December 31, 2022 was filed with the Commission on January 31, 2023.

- On March 10, 2023, Ho‘ahu Energy Cooperative Molokai filed a letter in support of HGIA’s request to finance community solar projects.
- On March 20, 2023, Ulupono Initiative filed a letter in support of HGIA’s request to finance community solar projects.
- The Authority’s Fiscal 2024 Annual Plan was filed with the Commission on March 31, 2023.
- Quarterly Report covering the period of January 1, 2023 to March 31, 2023 was filed with the Commission on April 28, 2023.
- Order No. 39377. Order No. 39377 was filed on June 16, 2023 approving in part, denying in part and modifying in part, the Authority’s requests under Program Notification No. 15.
- Quarterly Report covering the period of April 1, 2023 to June 30, 2023 was filed with the Commission on August 1, 2023.
- Quarterly Report covering the period of July 1, 2023 to September 30, 2023 was efiled with the Commission on October 31, 2023.
- Information Request. On November 27, 2023, the Commission filed an Information Request (IR) on with questions on the Authority’s financials as well as loan repayments to reimburse the Public Benefits Fee. Said responses were due by December 11, 2023.
- Extension Request. Due to technical issues related to the changes in the Commission’s Docket Management System, the Authority was not aware that an IR was issued by the Commission. As such, on December 27, 2023, the Authority filed a request to extend the deadline to respond to January 3, 2024.

### **Miscellaneous**

- Transfer funds to PUC. On September 25, 2023, the Authority transferred \$3,716,042 to the PUC’s account at Bank of Hawaii.
- Annual Report to the Governor and Legislature. On December 28, 2023, HGIA distributed its 2023 Annual Report to the Governor and Legislature.

## **Additional Activities**

The following represent a summary of activities that have occurred since the last Quarterly Report and which have therefore not yet been reported to the Commission. These items will appear in the Authority’s next quarterly report due to the Commission on April 30, 2024, covering the activities from January 1, 2024 through March 31, 2024.

- Board Meeting. The Authority held a board meeting on January 29, 2024, at which it ratified HGIA’s GEMS Bond and Loan Fund audits; ratified HGIA’s 2023 Report to the Governor and Legislature, and approved HGIA’s quarterly report for the period ended December 31, 2023.
- Quarterly Report. On January 30, 2024, the Authority filed its Quarterly Report for the period ended December 31, 2023 in Docket No. 2014-0135.
- Equitable Clean Water Grant. On March 17, 2024, the Authority submitted an Equitable Clean Water grant application to the Coalition for Green Capital (CGC) and Quantified Ventures (QV). CGC will select six (6) Green Banks to participate in this initiative funded

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by the Robert Wood Johnson Foundation. This initiative is designed to achieve the following objectives: (1) Reduce greenhouse gas emissions and other pollutants; (2) Deliver the benefits of greenhouse gas- and air pollution- reducing projects to American communities, particularly low-income and disadvantaged communities; and (3) Mobilize financing and private capital to stimulate additional deployment of greenhouse gas and air pollution reducing projects. If selected, HGIA will participate in a 9-month Cohort to (1) develop investable water infrastructure projects in disadvantaged communities, (2) integrate efforts across stakeholders in the water infrastructure ecosystem (ex. CBOs, municipal partners, water utilities), (3) design a clean water financing program; and (4) have an identified community engagement strategy to develop local priorities. If awarded, this initiative will be in collaboration with the City and County of Honolulu, WAI: Wastewater Alternatives and Innovations, Ulupono Initiative, and other clean water stakeholders.

- Climate Pollution Reduction Implementation Grant. HGIA is the lead in a 15-state coalition applying for \$500.0 million under the EPA's Climate Pollution Reduction Implementation grant. If awarded, grant funds will be used in the participating red and blue states, to install solar + storage systems on state city and county buildings, decreasing electric utility bills for taxpayers and increasing resiliency in communities stretching from the East Coast to Hawaii. The application is due on April 1, 2024. EPA expects to make award announcements in July 2024 and fund in October 2024.
- 2024 Legislature. The Authority has been working with the Legislature on three bills:
  - House Bill No. 2372, HD1, SD1, Relating to the Solar Energy Storage Loan Program, which will transfer the \$50.0 million in general funds approved by the Legislature in 2023 to the CEEERLF;
  - House Bill 2801, HD1, SD1 Relating to commercial property assessed financing, which will transition this financing program from a County-level program to a State-level program, enabling the Authority to launch without the need for each County to pass an Ordinance approving the program, as well as make Condominiums eligible for C-PACER financing; and
  - House Bill 2685, HD2, SD1 relating to energy, which would mandate HGIA to create and administer a Solar Hui Fund allowing condominium owners to invest to install solar+storage systems on ALICE rooftops. This fund has two benefits:
    1. It will lower the energy burden for ALICE households; and
    2. Enable condominium owners to participate in clean energy through an investment fund and utilize the tax credit and cash flow benefits to offset their electric utility bill or other household expenses.

## Program Metrics

HGIA's Program Metrics are regularly reported in detail in its Quarterly Reports. Please refer to the Authority's Quarterly Reports filed in Docket No. 2014-0135 for details.

# 2023 PROGRAM ACTIVITIES

While the 32nd Legislature opened on January 18, 2023 with optimism and a projected budget surplus in excess of \$3.9 billion for the fiscal year ending June 30, 2024, asset limited, income constrained, employed (ALICE) households were still struggling to catch up on past due utility and other bills. Prolonged inflation, rising interest rates, bank failures, wildfires and supply-chain issues further exacerbating the budgets of underserved ratepayers as the year progressed.

In addition to administering its existing programs, the Authority’s focus during 2023 has been on further expanding access to capital, sourcing additional loan capital, and working with the Counties to make a new financing mechanism available to commercial property owners.

## Facilitating Inclusivity and Accessibility

### Enhancements to the Green Energy Money Saver (GEM\$) On-Bill Financing Program

In anticipation of the Solar for All grant opportunity and to provide long-term relief to lower the energy burden of Hawaii’s low and moderate-income households and other underserved ratepayers, in August 2022, the Authority submitted a request to the PUC for strategic enhancements to the GEM\$ On-Bill Financing Program.

On June 15, 2023, the PUC issued Order 39377 approving HGIA’s requested enhancements resulting in potentially the **most inclusive** rooftop solar financing program in the nation.

- 1. **Expanded Applicant Eligibility.** Effective July 1, 2023, HGIA **eliminated all** “credit” barriers to its GEM\$ Program. Disconnection notices, previously used as an eligibility screen (e.g., ratepayers with disconnection notices over the past 12-month period were not eligible for financing), are now used to determine the minimum estimated utility bill savings required, as follows:

# Disconnection Notices	Tiered Estimated Bill Savings Requirement
0	Minimum <b>5%</b> Savings
1 – 4	Minimum <b>10%</b> Savings
5+	Minimum <b>15%</b> Savings

For investor-owned systems, the minimum estimated savings required remains unchanged at 20%.

- 2. **Sizing PV Systems to accommodate new Electric Vehicle Load.** In order to right-size solar systems for customers planning to purchase or lease an electric vehicle within an upcoming 12-month period, the PUC approved HGIA’s request to include the anticipated additional load expected from said electric vehicle. This change will enable underserved ratepayers to utilize the energy generated by the solar system to fuel their electric

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vehicles, which is especially important as Hawai'i has the highest gas prices in the nation<sup>9</sup> at an average cost of \$4.71 per gallon.

3. **Bundling Eligible Improvements.** In order to meet the minimum bill savings requirement of certain energy efficiency measures (e.g., solar hot water heaters, HVAC, etc.) the PUC approved the Authority's request to bundle Eligible Improvements. As an example, heat pumps or solar hot water heaters can be bundled with solar PV + Storage to qualify for GEM\$ financing.
4. **Access to HGIA's on-bill repayment mechanism.** The PUC approved the Authority's request to allow outside capital sources access to HGIA's GEM\$ on-bill repayment mechanism for CBRE and other projects that are not financed with GEMS funds. In these cases, HGIA's role shall be that of a payment servicer and not of a lender. This pilot will run from July 1, 2023 to June 30, 2024. CBRE and other projects utilizing the on-bill repayment (OBR) mechanism, will still need to meet the minimum Tiered Estimated Bill Savings Requirements.

## Sourcing Additional Loan Capital

### \$50,000,000 Solar and Storage Loan Program for ALICE Households

With 44% of Hawaii's families classified as asset limited, income constrained, employed ("ALICE"), the Legislature recognized that our underserved ratepayers are facing disproportionate financial burdens with rising inflation and unprecedented spikes in electricity costs. Straining their already tight household budgets, with an estimated 15% of their income being used to pay for electricity (as compared to an average of 2.15% across the United States), ensuring a just and equitable transition to clean energy for almost half of our population is a priority. Additionally, based on the Federal Reserve Bank's unbanked/underbanked metric, an estimated 75,000 rooftops may not qualify for traditional financing, representing a \$3.75 billion financing gap.

Thanks to the leadership of Speaker Saiki and forty-nine other Representatives, a bill to establish a loan fund for ALICE households garnered tremendous support during the 2023 Legislative Session including the Hawaii State Energy Office, Consumer Advocate, Hawaii Executive Collaborative's Climate Coalition, Ulupono Initiative, Hawaiian Electric, Elemental Excelsior, Blue Planet Foundation, Hawaii Solar Energy Association, and other Stakeholders.

This additional loan capital, allowing HGIA to also finance energy storage systems, is a game-changer helping underserved ratepayers reduce their energy burden while enhancing resiliency and grid stability. Eliminating disconnection notices as a credit screen, coupled with the availability of solar + storage loan funds have significantly increased the applications received by the Authority, demonstrating a pent-up demand of ALICE households.

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<sup>9</sup> "Gas Prices Hit Four-Month High – Here's Why Analysts Expect More Price Surges", Forbes, February 28, 2024 [Gas Prices Hit 2024 High: Here's Why—And Where Gas Costs The Most \(forbes.com\)](https://www.forbes.com/sites/energyvoice/2024/02/28/gas-prices-hit-four-month-high-heres-why-analysts-expect-more-price-surges/).



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During the 2022 calendar year, HGIA received 313 applications. During the 2023 calendar year, HGIA received 534 applications, a 70% increase from the previous year, of which 143 applications were received during the first half of the year and 391 were received between July 1 and December 31, 2023, after these two enhancements went into effect. Further, between January 1 and March 22, 2024, HGIA has received 489 loan applications!

While the Legislature approved \$100,000,000 to be appropriated out of the general fund to capitalize this solar and storage loan fund, due to an anticipated budget shortfall, Act 164, SLH 2023 signed into law by Governor Green on June 30, 2023, included a \$50,000,000<sup>10</sup> appropriation for this purpose.

The Authority began accepting applications for energy storage systems paired with solar PV on July 1, 2023 and on December 1, 2023, Governor Green approved the release of these funds for deployment.

With House Bill No. 2372, HD1, SD1, the Authority is requesting an amendment to Act 164 (SLH 2023) during the 2024 Legislature to deposit the Solar and Storage Loan Program funds into its Clean Energy and Energy Efficiency Revolving Loan Fund (CEEERLF) pursuant to Section 196-65.5. This amendment is necessary to implement these funds as the legislature intended as a revolving loan fund where repaid principal can be re-deployed and re-invested into solar plus storage systems to assist more ALICE households over the next two decades, in alignment with the State's clean energy goals.

### **\$100,000,000 Solar For All Grant Application**

On October 10, 2023, the Authority submitted an application requesting \$100,000,000 from the Environmental Protection Agency's (EPA) Greenhouse Gas Reduction Fund, Solar for All Funding Opportunity (NOFO). This is a competitive grant, which will fund at maximum, seventy-one applications.

The Authority originally planned to apply for \$250.0 million and submitted a Notice of Intent (NOI) to apply as required by the EPA on July 27, 2023. However, after receiving NOIs from two-hundred sixty-five (265) interested applicants (51 States/Territories; 47 Tribal Nations; 57 Municipalities; and 110 nonprofits), on September 11, 2023, the EPA revised its NOFO limiting the maximum award size based on population<sup>11</sup>.

Solar For All is a comprehensive, sustainable financing program to facilitate rooftop solar and battery as well as community solar for low-income households. In addition to loan capital, a portion of the funding will also be available for technical assistance, capacity building, workforce development and community outreach.

The top three objectives of this fund are to (1) reduce greenhouse gas emissions; (2) deliver benefits to low-income households and disadvantaged communities; and (3) stimulate additional solar deployment through leverage. As such, in addition to an anticipated \$80.0 million in private

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<sup>10</sup> Due to anticipated budget shortfalls, Governor Green reduced the Legislature's approved budget by approximately \$1.0 billion.

<sup>11</sup> The maximum award Hawaii is able to apply for is \$100.0 million.

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capital leverage, HGIA's application also included \$38.0 million in state leverage from the Solar and Storage Loan Program referenced above.

EPA expects to announce awards in March/April 2024 and make the funds available in 2024.

## **Bridging Access to Capital Challenges for Businesses**

### **State Small Business Credit Initiative (SSBCI) – HI-CAP Programs**

The Authority launched the SSBCI HI-CAP Collateral Support, CDFI Loan Pool and Loans Programs in 2022 with a first tranche of \$9.0 million in Federal funds to expand access to capital for small businesses and nonprofits statewide. As of December 31, 2023, some \$2.6 million in SSBCI funds have caused some \$18.8 million in loans and credit facilities for eligible small businesses and nonprofits.

Additionally, following the Maui Wildfires the Authority requested approval from the U.S. Treasury for exceptions to the Collateral Support Program to assist with the recovery efforts. In order to stimulate lending in Maui County's weakened economy during the rebuilding phase over the next five years, the Treasury approved an increase in the maximum cash collateral available for eligible loans from the lesser of 20% of the total loan amount or \$1.0 million to the lesser of 50% of the loan amount or \$5.0 million per loan. This exception will remain in place until September 30, 2028.

The Hawaii Technology Development Corporation (HTDC) and HGIA expects to apply for the second tranche of funds from the Treasury during the next quarter, of which HTDC will receive \$5.0 million and HGIA \$15.0 million, to deploy.

### **C-PACER Financing Program**

While Act 183 (SLH 2022) authorized Commercial Property Assessed Financing (C-PACER) in Hawaii, each County is required to pass an Ordinance to implement this innovative financing mechanism for their respective commercial property owners.

With the tightening of credit due to bank failures during the year, coupled with the rising interest rate environment, a number of commercial developments will need to rely on C-PACER financing for the projects to cash flow.

Bill 56 passed Honolulu City Council on December 6, 2023. The Authority and City Administration must negotiate a Memorandum of Agreement to govern Honolulu's C-PACER program. Upon approval through a Resolution, commercial properties in Honolulu will be able to access this financing option.

As Bill 56 was going through the City Council, it became apparent that unlike traditional bank financing with loan terms for equipment financing ranging from five to ten years, C-PACER's ability to stretch the financing term over the life of the equipment (e.g., twenty to thirty years), may make C-PACER a more affordable option for older condos built prior to 1975 that may need additional upgrades to pass its fire safety test. In order to do so, Section 514-B, HRS will need to be revised.

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## Program Visibility

### Articles and Publications

During the year, the Authority and its financing programs were featured in thirty (30) local or national publications, including the following:

- *“Green Banks posed for Billions”*; Stateline on 1/9/2023;
- Molokai Community Solar Project; Renewable Energy Magazine on 1/13/2023 and PBN on 1/17/2023;
- *“Holu Hou Energy begins construction of solar and energy storage at Kunia Village”*; Holu Hou press release on 1/20/2023;
- *“Coalition for Green Capital Announces more new partnerships to bolster National Green Bank”*; Bondlink on 2/3/2023;
- *“A plan to deliver equitable financing for residential decarbonization to all Californians”*; buildingdecarb.org on 2/23/2023;
- *“Solarize808”*; WestSide Stories in March 2023;
- *“Green Bank in the United States: 2022 U.S. Green Bank Annual Industry Report”*; American Green Bank Consortium on 3/13/2023;
- *“House majority moves forward state budget and priority legislation”*; State House press release on 3/15/23, which includes HB949 and HB300, HD1 with \$300.0 million for solar + storage loan fund for ALICE households.
- *“Climate, energy bills should pass”*; Star Advertiser Editorial on 4/3/23;
- *“Green Banks: An Overview for Governors”*; National Governor’s Association on 4/17/23;
- *“\$278 million of impact: Story of Hawaii’s Green Bank”*; Mirage on 4/22/23;
- *“Funding for Green Bank would greatly expand solar energy”*; Star Advertiser Op-Ed on 4/24/23;
- *“Gov Green Makes Statement on the end of the 2023 Legislative Session”*; Press Release on 5/4/23;
- *“Hawaii Legislature Delivers Mixed Bag on Climate, Environment Solutions”*; Civil Beat on 5/8/23;
- *“Gov Green Reports on Progress of Key Initiatives in the Administration’s First Six Months”*; Press Release on 5/22/23;
- *“Solar loan program gets \$100M recharge”*; Star Advertiser on 5/23/23;
- *“The Last minute budget scrum at the Capitol may cause an odd problem”*; Civil Beat on 5/25/23;
- *“Welcome reboot for solar program”*; Star Advertiser Editorial on 6/12/23;
- *“Gov Green Announces Line-Item Vetoes, Reductions for State Budget”*; Press Release on 6/14/23;
- *“The Future of California Consumer Energy Finance”*; Berkeley Law Center for Law, Energy & the Environment in June 2023;
- *“Greening the Bottom Line: Advancing Institutional Sustainability Goals with Green Revolving Funds”*; Sustainable Endowments Institute on 6/29/23;

- “*Investing In America*” press conference and press release issued by the Climate Coalition on Mitigation grant awarded by the EPA on July 6, 2023;
- “The Budget is Signed”; Hawaii Reporter on July 10, 2023;
- “Three Questions with Evan Weber”; Pacific Business News on August 3, 2023;
- News on HGIA receiving \$50.0 million in the state budget; KITV News and EIN Newsdesk on August 30, 2023;
- “*Recent Innovations in Reducing Home Energy Costs and Improving Resilience for Low and Moderate-Income Renters and Homeowners*”, Federal Reserve Bank of San Francisco in November 2023;
- “*How Does Hawaii Support Renewable Energy?*”, energy.portal.edu on December 4, 2023;; and
- S&P Global reaffirms GEMS Bond Triple A rating press release on December 12, 2023.

## Presentations

The Authority also participated as a presenter or panelist in twenty-one (21) events, as follows:

- “*Rethinking Wastewater*”; Ka Pili Kai Publication Launch at the Waikiki Aquarium on 1/17/2023;
- “*HGIA’s Financing Programs*”; City’s Office of Economic Development on 1/18/2023;
- “*HGIA’s Financing Programs*”; sponsored by Hawaii Energy at the Federal Building on 1/25/2023;
- “*HGIA’s Financing Programs*”; sponsored by the Oahu Agriculture & Conservation Association at the Waimanalo Research Center on 1/25/2023;
- “*HGIA’s Financing Programs*”; sponsored by the Oahu Agriculture & Conservation Association at the Kunia Agriculture Coop on 1/26/2023;
- “*Innovative Financing for Climate Smart Growth and Resilience for Small Business*”; sponsored by the U.S. Small Business Administration on 2/28/2023;
- “*Financing Programs for Rural Small Business and Ag Producers*”; sponsored by the Maui Economic Development Board on 3/9/2023;
- “*Innovative Financing for Climate Solutions*”; Climate Leadership Conference panel presentation on 5/11/2023. Moderator Esther Sosa, U.S. EPA Special Advisor for Policy, IRA Implementation; Gwen Yamamoto Lau, ED, HGIA; Saskia Feast, Managing Director, Climate Impact Partners; Sharon Nolen, Program Manager – Global Natural Resource Management, Eastman Chemical Company.
- Kauai Small Business Resource Seminar featuring DBEDT (HiSTEP, Enterprise Zone Partnership Program; CBED Loan Program); HTDC (Manufacturing Extension Partnership, MAP Grants, HI-CAP Venture); HGIA (Commercial energy financing; HI-CAP Collateral Support and HI-CAP loan; and the Small Business Development Center on 6/1/2023.
- “*Energy Equity*”; Living808, on 6/18/2023;
- “*Small Business Energy Programs*”; White House AANHPI Summit at the State Capitol on 7/7/2023. Presenters included Elmy Bermejo, Regional Administrator – Region 9, U.S. Small Business Administration; Shalanda Baker, Director, Office of Economic Impact

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Diversity, U.S. Department of Energy; Samantha Ruis, Chief of Staff, Office of Economic Impact Diversity, U.S. Department of Energy; Gene Rodriguez, Assistant Secretary for Electricity, Office of Electricity, U.S. Department of Energy; Mark Glick, Chief Energy Officer, Hawai'i State Energy Office; and Gwen Yamamoto-Lau, Executive Director, Hawai'i Green Infrastructure Authority;

- Business Resource Seminar sponsored by the U.S. Small Business Administration at the Foreign Trade Zone on August 29, 2023;
- “*HGIA’s Financing Programs*”; virtual presentations sponsored by HECO for LMI Council Members on each island on 9/18/2023; 9/19/2023; and 9/21/2023;
- “*Financing the Energy Transition: Key Instruments and Incentives*”; virtual presentation under the U.S. Department of State, Russian Business Leader Reciprocal Project on 9/26/2023;
- “*Innovative Financing*”; Blue Planet Alliance’s Island Fellowship cohort at the East-West Center on 10/18/2023;
- “*HGIA Residential Financing Update*” for HECO on 10/20/2023;
- “*Fire Sprinkler Financing*”; Virtual Town Hall sponsored by Councilmember Tupola on 10/24/2023;
- “*HGIA’s Commercial Financing Solutions*” at the Green Business Forum sponsored by the State Energy Office at the Waikiki Prince Hotel on 11/1/2023;
- “*HGIA Commercial Financing Update*” for HECO on 11/2/2023;
- “*How Hawaii Did It: Drawing the Roadmap to a Renewable Future*”; First Friday webinar sponsored by the Samuel Lawrence Foundation featuring Senator Chris Lee, Richard Wallsgrove, Sierra Jackovics and Gwen Yamamoto Lau on November 3, 2023;
- “*Lower Your Energy Burden*” Virtual Town Hall sponsored by Representative Kila on 12/11/2023.

## Trade Shows and Community Events

To increase visibility in the community, the Authority participated as an Exhibitor at the following:

- Molokai Resource Fair sponsored by the Molokai Farmers Alliance on 3/18/23.
- Energy Fair sponsored by the LEI Foundation, Energize Waianae and CNHA at Kamehameha School’s Community Learning Center in Ma’ili on 4/1/2023.
- Climate Commission’s Climate Community Fair at the Hawaii State Capitol on 5/1/2023.
- SBA Resource Day at Kapolei Hale on 6/7/2023.
- Women in Business Pauhana at Café Julia on 8/22/2023.
- DBEDT’s Small Business Fair at Leeward Community College on 9/16/2023.
- Hawaii Energy’s Innovation Symposium at the Hilton on 10/12/2023; and
- Hawaii Solar Energy Association’s Expo at the Ke’ehi Lagoon Memorial on 10/19/2023.

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## BUDGET

Anticipating the receipt of grant funds from the EPA, coupled with the Authority's deployment of SSBCI Federal funds as well as the launch of its commercial property assessed financing program mandated by Act 183, SLH 2022, the Authority has requested three additional full-time positions, as follows:

1. Fiscal and Compliance Manager, similar to a CFO, funded with Special and Federal funds. With \$300.0 million<sup>12</sup> currently under management and additional Federal funds anticipated, this position will be responsible for all fiscal related duties as well as ensuring the Authority is in compliance with the requirements of Federal grants;
2. Special Programs Manager funded with Special and Federal funds. This position will be responsible for the GEMS commercial loan portfolio, SSBCI HI-CAP Collateral Support, CDFI Loan Pool and Loans Programs, and the C-PACER program.
3. Community Outreach Officer funded with Federal funds. A requirement of the Solar for All grant is ongoing outreach and engagement of low-income households and disadvantaged communities. The Community Outreach Officer will be responsible to establish and maintain relationships with community leaders, engaging stakeholders and providing capacity building and technical assistance support to accelerate solar adoption and lower their energy burden.

In addition to a \$2.0 million Administrative and Program Budget detailed below, HB1800, HB1, SD1 also includes a \$50.0 million lending ceiling for the CEEERLF and some \$28.9 million in CIP for additional loan capital for the Solar and Storage Loan Program.

Changes to the budget also include increased marketing and business development amounts as well as neighbor island travel for outreach on all programs statewide.

Increased auditing fees are also anticipated and required with additional Federal funds.

The principal and interest repayment to the PUC is an estimate based on the annualized actuals to date.

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<sup>12</sup> \$150.0 million GEMS proceeds; \$60.0 million GEMS Bond Fund; \$50.0 million Solar and Storage Loan Fund; and \$40.0 million SSBCI HI-CAP funds.



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## Hawaii Green Infrastructure Authority FY 2025 Budget

### ADMINISTRATIVE STAFF

Salaries	\$ 919,247
Fringe Benefits	<u>549,464</u>
Subtotal	\$1,468,711

### OPERATING EXPENSES

Office Expenses and Equipment	\$ 41,750
Travel, Subsistence and Outreach	74,500
Bank Fees	<u>60,000</u>
Subtotal	\$ 176,250

### PROGRAM, MARKETING, OUTREACH AND SUPPORT

Program Administration	\$ 238,942
Legal Services	30,000
Accounting Services	122,000
Marketing and Business Development	59,150
Community Outreach	<u>14,150</u>
Subtotal	\$ 464,242

### REPAYMENTS AND BAD DEBT (NON-OPERATING EXPENSE)

Principal Repayment to the PUC	\$2,200,000
Interest Repayment to the PUC	1,800,000
Allowance for Bad Debt	<u>25,000</u>
Subtotal	\$4,025,000

### TOTAL BUDGET

**\$6,134,203**

Less: Bank Fees	\$( 60,000)
PUC Repayment	(4,000,000)
Allowance for Bad Debt	<u>(25,000)</u>

### ADMINISTRATIVE AND PROGRAM EXPENSES

**\$2,049,203**

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## FY2025 Operational Plan

The Authority currently has 1,062 residential loan applications in process. While some applications may fall out, this represents approximately \$53.1 million<sup>13</sup> in solar+storage systems to be invested in ALICE households. The Authority will continue to administer its existing programs, and, the following may also be added to its 2025 Operational Plan:

Solar for All. A Solar for All award from the EPA will augment existing loan capital and also provide HGIA with funding for internal capacity building. During FY2025, HGIA will be further leveraging technology to increase efficiencies; contracting with a PR and Communications firm to increase visibility; contracting with a firm to assist with community outreach and engagement; designing a program to complement existing workforce development efforts and collaborating with technical assistance providers and local lenders to increase working capital for solar contractors.

Equitable Clean Water. If selected, HGIA will be participating in a 9-month Cohort to design a clean water financing program that serves disadvantaged communities; identify a pipeline of projects; and gain access to loan capital to implement said financing program. This initiative can also help to inform the Legislature of financing opportunities to complement existing cesspool conversion grant programs and contemplated tax credit programs.

Climate Pollution Reduction Implementation Grant. If awarded, HGIA will be contracting a Coalition Third Party Administrator as well as a Program Third Party Administrator on behalf of the 15-state coalition to implement a program to install solar+storage systems on state, city or county buildings. Participating states may choose to deploy the funds as a grant or in a revolving loan program. HGIA plans to launch the Coalition with an in-person convening in Hawaii in October 2024.

Commercial Property Assessed Financing. If HB2801, HD1, SD1 is signed into law, the Authority will be able to immediately launch its C-PACER financing program as it will be elevated to a Statewide program and will no longer need to have each County pass an ordinance to implement.

There are a number of shovel-ready and near shovel-ready projects on Oahu, Kauai and Hawaii island, including affordable housing projects, poised to utilize C-PACER financing. Additionally, condominium associations have already reached out to the Authority of its intention to utilize C-PACER to install fire safety systems and harden their buildings.

Solar Hui. If HB2685, HD2, SD1 is signed into law, the Authority will be working on designing an investment fund. In anticipation, HGIA was selected to participate in a Rocky Mountain Institute, Renewable Investment for Social Equity (RISE) Cohort. The Authority will also tap into a New York Think Tank and Lawyers for Good Government to assist in the Hui's design, which is anticipated to take most of the upcoming fiscal year, with implementation to follow.

Request to retain interest income. As discussed with the Commission, the Authority will be submitting a Program Modification to request approval to retain loan interest income to offset its

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<sup>13</sup> Assuming an average system cost of \$50,000.

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administrative expenses. This will allow the Authority to expand programs without further burdening the state's coffers with general fund requests.

## **FUTURE OUTLOOK**

When HGIA was constituted nearly ten (10) years ago as a de novo green bank, inclusive financing for underserved ratepayers was a novel idea. However, with the White House's Justice40 initiative, which requires that 40% of some federal funds benefit low-income households and disadvantaged communities, energy equity has not only become "mainstream" but ensuring an equitable and just transition is also necessary.

As a public financing agency, HGIA has expanded its role from a singular focus on clean energy financing, to also meeting financing gaps in the market for small businesses, nonprofits and commercial property owners. Leveraging scarce public funds with private capital provides exponentially greater economic development and environmental impacts, and re-investing that same public dollar demonstrates sound fiscal stewardship.

**FILED**

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PUBLIC UTILITIES

COMMISSION

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