

Ho‘āhu Energy Cooperative Molokai
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Kaunakakai, HI 96748
March 1, 2023

The Honorable Chair and Members of the Hawai‘i Public Utilities Commission
Kekuanao‘a Building, First Floor
465 South King St
Honolulu, HI 96813

RE: Docket No. 2014-0135 – Public Comment in Support of HGIA’s Request to Finance Community Solar Projects

The Ho‘āhu Energy Cooperative Molokai (“Ho‘āhu”) provides the following letter in support of the Hawai‘i Green Infrastructure Authority’s (“HGIA”) Request for Commission approval to provide Green Energy Market Securitization (“GEMS”) financing for Community-Based Renewable Energy (“CBRE”) projects. Ho‘āhu submits that the public interests of the State of Hawai‘i, as well as the legislative intent behind Act 100 (establishing the CBRE program) and Act 211 (establishing the GEMS program), weigh heavily in favor of approving HGIA’s request to provide underwriting and on-bill financing for CBRE projects.

The CBRE program is, at its core, an energy justice initiative. It seeks to promote equity and access to a renewable energy transition that is known to have primarily benefitted the wealthier among us. The legislature explicitly recognized this intent in the preamble of Act 100:

While residential solar energy use has grown dramatically across the State in recent years, many residents and businesses are currently unable to directly participate in renewable energy generation because of their location, building type, access to the electric utility grid, and other impediments. The community-based renewable energy program seeks to rectify this inequity by dramatically expanding the market for eligible renewable energy resources to include residential and business renters, occupants or residential and commercial buildings with shaded or improperly oriented roofs, and other groups who are unable to access the benefits of onsite clean energy generation.

2015 Haw. Sess. Laws Act 100, §1. The legislature found that “it is in the public interest to promote broader participation in self-generation by Hawaii residents and businesses through the development of community-based renewable energy facilities in which participants are entitled to generate electricity and receive credit for that electricity on their utility bills.” *Id.*

Likewise, the GEMS program can also be characterized as an energy justice initiative. The preamble of Act 211, which created the GEMS program, explained that “[e]xisting 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.”

2013 Haw. Sess. Laws Act 211, §1. The legislature noted that “green infrastructure investments are to support Hawaii’s evolving energy market and ecosystem and to provide affordable energy options for all of Hawaii’s consumers.” *Id.* (emphasis added). The legislature found that “these infrastructure installations will require significant amounts of capital, and it is in the public interest to minimize these costs.” *Id.* The legislature also found that “the impact and reach of proven clean energy financing programs, such as on-bill financing or on-bill repayment, can be greatly enhanced through the use of low-cost capital made available through the green infrastructure financing program established by this Act.” *Id.*

Clearly, both the GEMS program and the CBRE program are intended to improve access to the renewable energy economy for underserved communities. This obvious synergy between the two energy justice programs provides a strong basis to support HGIA’s request to extend the benefits of the GEMS program to qualifying CBRE projects.

Ho‘āhu is a community owned and managed 501(c)12 non-profit cooperative that is dedicated to producing community-owned, affordable, renewable energy for the benefit of our members, the community, and environment. As the Commission is aware, Ho‘āhu is currently in the process of financing and developing two CBRE Projects on Molokai. Being able to access GEMS financing is very important to our fledgling organization because it provides lower cost financing than other sources, particularly for collateral-less community cooperatives like ours. Without access to GEMS financing, Ho‘āhu will be forced to rely on market rate loans from traditional banks, which charge Ho‘āhu significantly higher costs for capital, if they will lend to Ho‘āhu at all. Importantly, the terms of GEMS financing are flexible and would allow Ho‘āhu to leverage GEMS financing in order to attract additional financing from other lenders.

Approving HGIA’s request to provide access to GEMS financing for CBRE projects would not just benefit Ho‘āhu, it would provide crucial support to other community owned renewable energy projects. Ho‘āhu is not the only community-run organization working to develop renewable energy projects and, like Ho‘āhu, these other young organizations will need support and accessible financing if they hope to compete with traditional development models. Further, the ability for CBRE projects to make use of the on-bill financing features provided by GEMS is crucial to facilitating the smooth, reliable, and efficient operations of the CBRE program. Making CBRE subscriber payments easy and accessible through on-bill financing will provide a standardized, cost-effective, and modern system that will greatly contribute to the overall success of CBRE projects now and into the future.

Allowing CBRE projects (particularly *community-led CBRE projects* like Ho‘āhu’s) access to GEMS underwriting and on-bill financing is clearly in the public interest, as evidenced by the legislature’s acknowledgement of the public interests associated with both the GEMS and CBRE programs. *See* 2013 Haw. Sess. Laws Act 211, §1; 2015 Haw. Sess. Laws Act 100, §1. Moreover, basic concepts of equity and fairness support extending the same access to GEMS financing to CBRE projects as is already afforded to private residential developers and commercial projects.

The entire point of the CBRE program is to help provide increased access to the benefits of the renewable energy transition to people who have otherwise been shut out of the renewable economy. CBRE is an important step in the right direction towards beginning to level the playing field of renewable energy opportunities. However, without providing CBRE projects access to the same GEMS support that is available to private residential solar customers, the legislative intent of both the CBRE program and the GEMS program will be left unmet.

For any concern that the benefits of GEMS financing might flow to developers or third-party investors, in the case of Ho‘āhu and similar projects that are community owned and operated, the developers *are* the ratepayers and intended beneficiaries of programs like CBRE and GEMS. For other CBRE projects that are more traditionally organized around profits and big-name developers, GEMS financing will not be as necessary because those projects have better access to traditional financing connections.

For the foregoing reasons, Ho‘āhu respectfully requests that the Public Utilities Commission act swiftly to approve HGIA’s request for approval to provide underwriting and on-bill financing for CBRE projects.

Mahalo,

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