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DBEDT APPLAUDS PUC'S APPROVAL OF GEMS PROGRAM FINANCING ORDER

HONOLULU — The Public Utilities Commission has approved the State of Hawaii to issue up to \$150 million in bonds to provide low-cost capital for a proposed loan program that would expand access to solar photovoltaic systems and other clean energy improvements for Hawaii consumers who have had difficulty obtaining financing for such projects. Approval of the financing order Thursday represents a significant milestone as the state Department of Business, Economic Development and Tourism moves forward with its Green Energy Market Securitization (GEMS) program.

The bonds are modeled after a well-tested financing structure used for decades by utilities on the Mainland to pay for power plants and other costs associated with storm recovery and stranded assets. The PUC's order marks the first time nationally that this type of financing model has been approved to provide low-cost financing for the installation of clean energy equipment.

"We're taking a well-established securitization structure and repurposing it for the benefit of underserved consumers in Hawaii, such as nonprofits, renters and lower-income folks who want to enjoy the savings of clean energy." said DBEDT Director Richard Lim, who led development of the program. "Issuance of the bonds will provide a market-based mechanism to channel capital to clean energy investments that might not otherwise be undertaken."

DBEDT plans to issue the bonds by November. The GEMS bonds will share characteristics with a type of security known as a "rate reduction bond." There have been about \$50 billion of these securitization bonds issued across the country since 1997. In all but one case the bonds have achieved "AAA" or equivalent ratings.

The PUC's approval allows the imposition of a Green Infrastructure Fee, which will be used to secure the bonds. The fee will be assessed on all utility ratepayer bills to ensure the bonds achieve the highest possible credit ratings, and thus lowering the amount of the fee, which is expected to be less than \$2 a month for residential customers. The Green Infrastructure Fee will be offset by a reduction in the Public Benefits Fee that is currently on electric bills, resulting in little or no impact to ratepayers.

DBEDT awaits approval of GEMS program order by the PUC. Bond proceeds will be used to finance clean energy technologies to reach a broader base of Hawaii consumers.

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This news release and the information contained herein do not constitute an offer to sell, or the solicitation of, an offer to buy any security. Such an offer can only be made pursuant to an Official Statement of the State of Hawaii and DBEDT. DBEDT anticipates preparing an official statement in connection with the transaction.

*The **Hawaii State Energy Office** is leading the state's charge toward clean energy independence. With a goal to meet and exceed Hawaii's 70 percent clean energy targets by 2030, the State Energy Office is committed to developing and deploying high impact solutions that will maximize Hawaii's renewable energy resources and improve efficiency and transportation standards. Through effective policies and innovative programs, the State Energy Office has positioned Hawaii as a leading proving ground for clean energy innovation, which will generate quality jobs, attract investment opportunities and accelerate economic growth. The State Energy Office is a division of the state's Department of Business, Economic Development and Tourism. For more information, visit www.energy.hawaii.gov.*

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