



DAVID Y. IGE
GOVERNOR

GWEN S. YAMAMOTO LAU
EXECUTIVE DIRECTOR

HAWAII GREEN INFRASTRUCTURE AUTHORITY

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804

Telephone: (808) 587-3868

January 31, 2017

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

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PUBLIC UTILITIES
COMMISSION

Dear Commissioners:

Subject: Docket No. 2014-0135 – GEMS Program Quarterly Report

The Hawaii Green Infrastructure Authority respectfully submits this Green Energy Market Securitization Program Quarterly Report for the period of October 1, 2016 to December 31, 2016. This report fulfills the requirement for Quarterly Reports as specified in 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



State of Hawaii

Department of Business, Economic Development, and Tourism

Hawaii Green Infrastructure Authority

GREEN ENERGY MARKET SECURITIZATION PROGRAM

QUARTERLY REPORT:

October 1, 2016 – December 31, 2016

REPORT TO THE
STATE OF HAWAII
PUBLIC UTILITIES COMMISSION

Pursuant to
Decision and Order No. 32318 filed in Docket No. 2014-0135

January 2017

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1 Introduction and Context

The Green Infrastructure Loan Program (a.k.a. the “Green Energy Market Securitization Program,” “GEMS Program” or “Program”) leverages public-private capital to deploy clean energy infrastructure that will contribute towards Hawaii’s pursuit of its statutory 100% clean energy goals by 2045 and to help consumers lower their energy costs. The GEMS Program is the result of Act 211, Session Laws of Hawaii 2013 (“Act 211”), which created the framework for establishing the GEMS Program, including its oversight, governance, and reporting processes. The Program is governed by the Hawaii Green Infrastructure Authority which consists of five members: The Director of Business, Economic Development, and Tourism, the Director of Finance, the Energy Program Administrator, and two members appointed by the Governor with the advice and consent of the Hawaii State Senate.

1.1 Procedural History and Reporting Requirements

The State of Hawaii Public Utilities Commission (“Commission” or “PUC”) issued Decision and Order No. 32318¹ (the “Program Order”), which approved the “Application of the Department of Business, Economic Development, and Tourism for an Order Approving the Green Infrastructure Loan Program,”² (“Application”) by the Hawaii Green Infrastructure Authority (“Authority” or “HGIA”).³ The Application requested, and the Program Order approved, the use of funds deposited in the Green Infrastructure Special Fund to establish and institute the GEMS Program, subject to the modifications described within the Program Order.⁴ In addition to complying with reporting requirements mandated by Act 211, the Authority proposed providing the Commission with Quarterly Reports which offer a snapshot of program activities as a part of the Application.⁵ The Commission approved the quarterly reporting proposal made by the Authority, adding additional requirements that arose during the docket process, including one from the Consumer Advocate⁶ that included requirements concerning the financing of utility-scale projects, when applicable.⁷

The Commission’s approval of the Quarterly Report process, with modifications, stated that Quarterly Reports must provide information on the progress of the GEMS Program development and include, at a minimum:

- (1) All information proposed in [the] Application or as otherwise indicated by DBEDT in the course of this proceeding to be included in Quarterly Reports;

¹ Filed on September 30, 2014 in Docket No. 2014-0135

² Filed on June 6, 2014 in Docket No. 2014-0135

³ HRS §196-63 provides that until the Authority is duly constituted, the Department of Business, Economic Development, and Tourism of the State of Hawaii (DBEDT) may exercise all powers reserved to the Authority pursuant to HRS §196-64, and shall perform all responsibilities of the Authority. As the Authority has now been duly constituted, the Authority assumes in its own right, pursuant to statute, all of the functions, powers, and obligations, including responsive or informational submissions in this Docket, which had heretofore been assigned to DBEDT.

⁴ See “Decision and Order No. 32318,” filed in Docket No. 2014-0135 on September 30, 2014, at p. 1.

⁵ See “Application of Department of Business, Economic Development, and Tourism; Verification; Exhibits; and Certificate of Service,” filed in Docket No. 2014-0135 on June 6, 2014 at p. 17.

⁶ “Consumer Advocate” refers to the Division of Consumer Advocacy of the Department of Commerce and Consumer Affairs of the State of Hawaii.

⁷ See “Decision and Order No. 32318,” filed in Docket No. 2014-0135 on September 30, 2014, at p. 93.

- (2) Summaries of all metrics approved pursuant to [the] Program Order, and as developed and approved through the metrics and data collection development process;
- (3) Accumulated year-to-date tallies of quantitative, and to the extent possible, non-quantitative metrics provided in preceding Quarterly Reports for the applicable annual reporting period;
- (4) Any additional information required by this Program Order to be included as part of one or more Quarterly Reports; and
- (5) Actuals to date as compared to the immediately preceding Annual Plan budget.⁸

In the Application, the Authority proposed Quarterly Reports include a snapshot of program activities, provide a financial summary, and address adjustments planned or made to the GEMS Program to accommodate market changes.⁹ The Authority submitted its first Quarterly Report for the period of October 1, 2014 to December 31, 2014 on January 30, 2015. More information about the procedural background for the GEMS Program can be found in the various filings in Docket No. 2014-0135 on the Commission's website: <http://dms.puc.hawaii.gov/dms/>.

1.2 Overview of Program Status and Market Outlook

The Authority's focus during the past quarter has been to continue to deploy capital under its Residential PV Loan Program and launch its new Commercial PV Loan Product, which replaced the nonprofit/small business PV loan program shuttered late last year. The Authority also began due diligence, IT planning and program design work on an on-bill repayment mechanism.

As we look around the broader national energy market, we remain encouraged that "Green Banks" operating under similar models to HGIA can play a vital role in expanding access to clean energy. Given the current dynamics in the Hawaii energy marketplace, we believe this role remains critically important.

2 Summary of Program Activities

The following is a summary of the activities that have occurred between October 1, 2016 and December 31, 2016.

2.1 Administration

The following activities pertain to the administration of the GEMS Program:

- Quarterly Report. The Quarterly Report covering the period of July 1, 2016 to September 30, 2016 was filed with the Commission on October 31, 2016 in Docket No. 2014-0135.
- Program Notification No. 10. On November 28, 2016, the Authority filed Program Notification No. 10 with the Commission to add "Consumers" as an Eligible Participant for its Commercial Loan: Project Sponsor product approved by the Commission on September 19, 2016. On December 16, 2016, the Commission suspended Program Notification No. 10 pending an informal technical conference to address the comments and concerns filed by the Consumer Advocate on December 9, 2016. On December 22, 2016, the Commission advised the Authority that it has

⁸ See "Decision and Order No. 32318," filed in Docket No. 2014-0135 on September 30, 2014, at p. 97.

⁹ See "Application of Department of Business, Economic Development, and Tourism; Verification; Exhibits; and Certificate of Service," filed in Docket No. 2014-0135 on June 6, 2014 at p. 17.

scheduled its third Informal Technical Conference for the GEMS Program to be held on January 4, 2017 at the Commission’s Hearing Room.

- Board Meeting. The Authority held a board meeting on December 9, 2016 where it approved an On-Bill Repayment Implementation budget. Following an Executive Session, Board Chair Salaveria reported that the board will be interviewing qualified applicants to fill the vacant Executive Director position.
- Board Meeting. The Authority held a board meeting on December 23, 2016 where it approved its 2016 Report to the Governor and Legislature. Following an Executive Session, Board Chair Salaveria reported that the board has selected new leadership for the Authority and will be contacting the affected candidate(s).

2.2 Status of Programs: Residential PV

At a glance (as of 12/31/16) from program inception:

	Applications Received	In Process ¹⁰	Approved and Committed ¹¹	Funded
# of loans	265	18	28	33
\$ value of loans	n/a	n/a	\$935,654	\$1,098,310

The Authority is continuing to work with its third party loan originator (“Originator”) to make additional program enhancements, as follows:

- Trust Properties. The Authority’s Originator is completing its due diligence and establishing procedures to enable loans to be made to borrowers with properties held in trust. Approximately fifty percent (50%) of the declined loans to date are due to the Trust exclusion. A 1Q2017 launch date is anticipated.
- Progress Payments. The Authority’s Originator is also developing a process to enable progress payments to be made to GEMS Approved Installers. Under the existing loan program, GEMS Approved Installers are paid in full after project installation is complete and confirmation of interconnection with the utility has been received. Progress payments will allow GEMS to be more competitive and aligned with industry standards.

While we expect these actions to favorably affect the pipeline and loan funding rates, the long-term growth prospects of the program remain limited by the broader market environment.

¹⁰ This category includes loan that being processed and/or pending additional information.

¹¹ The Authority’s Loan Originator categorizes loans that have been approved with executed Loan Documents received as “Loan Docs Accepted.” There are no conditions pending. The contractor has begun work. Loans are committed to be funded.

2.3 Status of Programs: Commercial PV

At a glance (as of 12/31/16) from program inception:

	Applications Received	In Process ¹²	Approved and Committed ¹³	Funded
# of loans	4	2	0	2
\$ value of loans	n/a	\$1,366,285	\$0.00	\$861,500

With the Commission's approval of Program Notification No. 9 and the subsequent launch of its new commercial PV loan products, the Authority has experienced a renewed interest in GEMS financing receiving inquiries aggregating in excess of \$100.0 million in total project costs. These proposed solar PV and energy efficiency projects are in varying stages of development, from concept to pre-development due diligence to financial modeling, for a variety of ratepayers including but not limited to nonprofits, small businesses and consumers. While it is unlikely that all of these projects will be developed and/or GEMS financed, as actual funding may be subject to Commission approval (for energy efficiency and community solar projects) and GEMS underwriting standards, based on the response thus far, the Authority is optimistic that its commercial loan products are addressing a financing need in the market while partnering with conventional commercial lenders.

2.4 Status of Programs: Commercial Energy Efficiency

Metrus Energy, the Authority's approved capital partner for the Commercial Energy Efficiency Product, began marketing in July 2016. The sales cycle for these loans can be lengthy due to the considerable engineering work required on the part of the borrower and the size of the transaction(s). No projects have been identified to date.

2.5 Status of Programs: Open Solicitation for Financing Arrangements

On July 14, 2016, the Authority established an Open Solicitation for Financing Arrangements process for proposals related to deployment of GEMS funds. This is consistent with best practice by Green Banks and similar State entities and provides a consistent, transparent approach to sourcing opportunities for capital deployment.

2.6 Status of Programs: Other Programs Under Development

On Bill Repayment (OBR)

The Authority continues to believe that OBR is a critical tool to enable green infrastructure financing for the underserved (i.e. renters and low and moderate-income households) and has been actively working with HECO and its Loan Servicer on the scope and deliverables required to implement the program on the IT and loan servicing levels. As reported above, HGIA's board approved an on-bill repayment implementation budget for the extensive programming and testing necessary for this project. Simultaneously, the Authority is working on finalizing an OBR Program Manual. Pending Commission

¹² The Authority is currently awaiting additional information from the applicant and/or underwriting the loan requested.

¹³ The Authority has approved the loan and is currently in the documentation process and/or awaiting satisfaction of pre-closing requirements.

approval (on the program level) and successful testing (on the IT level), the Authority is anticipating a 2017 launch.

PV plus Storage Financing

The Authority filed Program Notification No. 7 with the Commission on July 22, 2016 regarding deployment of capital for consumer PV with battery. On August 2, 2016, the Consumer Advocate filed comments requesting the Authority to provide further information regarding (1) modifications made to the existing Consumer PV program and their impact on the types of customers likely to receive GEMS Program financing; (2) the “public benefit” associated with the proposed Consumer PV with Battery program and who is likely to benefit; and (3) how the proposed Consumer PV product will expand access to financing for customers, particularly those who are underserved. On August 12, 2016, the Commission suspended Program Notification No. 7 pending the Authority’s response to comments from the Consumer Advocate (“CA”).

The Authority believes that its ability to finance storage is critical, especially given the limited interconnection options currently offered by the utility. The Authority is working closely with the CA’s office in developing a response to address its concerns. At the request of the CA, two revised Program Notifications will be submitted, separately addressing the consumer and commercial energy storage technology.

Government Agencies

As indicated in the Authority’s Quarterly Report for the quarter ended September 30, 2016, the Authority has tabled the re-submission of its suspended Program Notification No. 8 originally filed on July 25, 2016 to broaden the definition of Participant under the Commercial Energy Efficiency Program approved in Program Notification No. 5 to include all commercial entities until further notice.

The Authority, however, recently received a request from the Department of Education (“DOE”) to finance energy conservation measures (“ECM”) that could result in a 25% reduction of annual energy consumption for the DOE, the second largest consumer of electricity for the State.¹⁴ The Authority expects to submit Program Notification No. 11 to finance ECMs for the DOE to the Commission shortly.

Residential Energy Efficiency

The Authority will be submitting a Program Modification to request approval to finance residential energy efficiency measures, which may include but not be limited to ENERGY STAR® refrigerators and solar hot water heaters. The ability to finance residential energy efficiency leveraging the on-bill repayment mechanism will better enable the Authority to deploy green infrastructure financing for the underserved.

2.7 Additional Activities

The following are some of the activities that have occurred since the end of the quarter (December 31, 2016) and will be reported as activities in the next Quarterly Report:

¹⁴ See “Lead by Example State of Hawaii Agencies’ Energy Initiatives FY 2013-2014.”

- **Loan Approvals.** On January 3, 2017, the Authority’s Loan Committee approved a Commercial PV Loan request for \$679,785 to install solar PV systems for two nonprofits and a \$9.6 million request for a Molokai Solar Hot Water project, subject to the Commission’s approval of GEMS Residential EE financing and OBR. Due to the size of the request, the Molokai Project was also approved by HGIA’s Board, subject to the Commission’s approval of GEMS Residential EE financing and OBR, on January 27, 2017.
- **Informal Technical Conference.** On January 4, 2017 the Commission held an Informal Technical Conference (“Conference”) at its Hearing Room. The Conference consisted of a brief presentation by the Authority to explain Program Notification No. 10. After the presentation, the Commission, Consumer Advocate and other Parties were provided an opportunity to ask questions of the Authority. The Authority also provided the Commission an update on the status of Program Notification Nos. 7 and 8, which were suspended on August 12 and 15, 2016, respectively.
- **Loans Funded.** As of January 13, 2017, the Authority funded four additional Residential PV Loans aggregating \$150,160.25. Additionally, its Loan Originator has thirty (30) residential PV loans approved and committed aggregating \$952,348.26 totaling over \$2.2 million in residential PV loans committed and/or funded.

3 Program Metrics

As required by the Program Order, the following Program Metrics are being provided for the current quarter, fiscal year-to-date and since program inception.

Energy and Environment Impact

	This Quarter: 10/1–12/31/16	FY2017 To-Date	Since Program Inception
Clean Energy Production of Projects Financed			
Installed Capacity (Actual kW)	391.2	439.2	539.9
Total Annual Production (Estimated kWh)	651,407	726,594	870,826
Total Project Production Over Lifetime of Installed PV (Projected kWh) (including 0.50% degradation)	12,427,472	13,861,882	16,613,526
Electricity Reductions from Energy Efficiency Projects Financed			
Cumulative Annual Electric Energy Saved (kWh)	0	0	0
Total Resource Benefit (kWh)	0	0	0
Petroleum Displaced by Clean Energy and Energy Efficiency Projects			
Total Petroleum Displaced/Saved (Clean Energy and Energy Efficiency Projects ¹⁵) (Estimated barrels)	400.0	446.2	534.8
Petroleum Displaced/Saved based on Annual Clean Energy Generation (Estimated barrels)	400.0	446.2	534.8
Petroleum Displaced Over Lifetime of Installed PV (Projected barrels)	7,632.6	8,513.6	10,203.6
Cumulative Annual Petroleum Saved (from efficiency)	0	0	0
Petroleum Saved from Total Resource Benefit of Efficiency Projects	0	0	0

¹⁵ Reference unitjuggler.com for conversion metric.

Greenhouse Gas Avoided	This Quarter: 10/1–12/31/16	FY2017 To-Date	Since Program Inception
Total Greenhouse Gas Avoided ¹⁶ (Clean Energy and Energy Efficiency Projects) (Est. metric tons CO ₂)	196.7	219.6	263.4
Greenhouse Gas Avoided from Clean Energy Annual Production (Estimated metric tons CO ₂)	196.7	219.6	263.4
Greenhouse Gas Avoided Over Lifetime of Installed PV (Projected metric tons CO ₂)	3,752.6	4,188.9	5,026.0
Greenhouse Gas Avoided from Energy Efficiency	0	0	0
Greenhouse Gas Avoided over Lifetime of Energy Efficiency Project	0	0	0

3.2 Economic Development Impact

GEMS Capital (Cash Basis)	This Quarter: 10/1–12/31/16	FY2017 To-Date	Since Program Inception
GEMS Revenues	\$ 99,303	\$172,933	\$ 609,600
GEMS Administrative & Program Costs	\$ 90,390	\$289,675	\$2,058,239
GEMS Loans	\$1,381,863	\$1,573,542	\$1,959,810
Total GEMS Administrative Costs and Loans	\$1,472,253	\$1,863,217	\$4,018,049

	This Quarter: 10/1–12/31/16	FY2017 To-Date	Since Program Inception
Projects Financed According to Technology Type/Category			
Solar Photovoltaic Systems, including advanced inverters and smart modules	18	23	35
Energy Storage	0	0	0
Lighting Upgrades	0	0	0
HVAC Upgrades	0	0	0
Mechanical Upgrades	0	0	0
Controls and Monitoring Devices	18	23	35
Energy/Water Nexus	0	0	0
Total Number of Projects	18	23	35
Indirect Economic Impact of Capital Deployed (jobs created/retained) ¹⁷	21.3	24.2	30.2

¹⁶ Reference eia.gov for conversion metrics.

¹⁷ Utilizing the SBA's metric of one job created or retained for every \$65,000 in loans extended.

3.3 Market Expansion Impact

Residential PV Loan Program	This Quarter: 10/1–12/31/16	FY2017 To-Date	Since Program Inception
Total Number of GEMS Loans	16	21	33
Total Number of Loans Serving Underserved Market ¹⁸	15	20	29

Status of Applications:

Number of Residential PV Applications Received	38	75	265
Number of Residential PV Applications In Process	18	n/a	n/a
Number of Residential PV Applications Declined	13	27	105
Number of Residential PV Applications Withdrawn ¹⁹	21	36	81
Number of Residential PV Applications Loan Docs Accepted	9	n/a	n/a

Geographic Location

Number of Loans on Oahu	14	18	26
Number of Loans on Maui	2	3	7
Number of Loans on Molokai	0	0	0
Number of Loans on Lanai	0	0	0
Number of Loans on Hawaii	0	0	0

Profile of Customers

Number of Customers By Customer FICO Credit Score

700 and above	5	5	8
675-699	7	10	15
650-674	3	3	5
620-649	1	2	4
600-619	0	1	1

Number of Customers By Income Distribution (self-reported by customers)

Under \$15,000	0	0	0
\$15,000-\$24,999	0	0	0
\$25,000-\$34,999	0	0	0
\$35,000-\$49,999	1	1	2
\$50,000-\$74,999	6	7	8
\$75,000-\$99,999	5	7	13
\$100,000 and Above	4	6	10

Number of Customers by Area Median Income²⁰

<30% AMI (Extremely Low Income)	0	0	0
30% to <50% AMI (Very Low Income)	2	2	3
50% to <80% AMI (Low Income)	6	7	9
80% to <140% AMI (Moderate Income)	7	11	17
> 140% AMI	1	1	4

¹⁸ See AMI distribution.

¹⁹ While previously Conditionally Approved, loans withdrawn during the quarter may have been pending from previous quarters.

²⁰ Area Median Income as provided by the U.S. Department of Housing and Urban Development (HUD). <30% AMI = Extremely Low Income; 30% to <50% AMI = Very Low Income; 50% to <80% AMI = Low Income; 80% to < 140% AMI = Moderate Income.

Commercial PV Loan Program	This Quarter: 10/1-12/31/16	FY2017 To-Date	Since Program Inception
Total Number of GEMS Loans	2	2	2
Number of Nonprofits Participating in GEMS	0	0	0
Status of Applications:			
Number of Commercial PV Applications Received	2	4	4
Number of Commercial PV Applications Approved	2	2	2
Number of Commercial PV Applications Declined	0	0	0
Number of Commercial PV Applications Withdrawn	0	0	0
Number of Commercial PV Applications Under Review	2	2	n/a
Number of Commercial EE Applications Received	0	0	0
Number of Commercial EE Applications Approved	0	0	0
Number of Commercial EE Applications Declined	0	0	0
Number of Commercial EE Applications Withdrawn	0	0	0
Number of Commercial EE Applications Under Review	0	0	0
Geographic Location			
Number of Loans on Oahu	2	2	2
Number of Loans on Maui	0	0	0
Number of Loans on Molokai	0	0	0
Number of Loans on Lanai	0	0	0
Number of Loans on Hawaii	0	0	0
Number of Small Businesses Participating in GEMS	0	0	0
Number of Small Businesses by Gross Receipts			
Up to \$9,999	0	0	0
\$10,000-\$24,999	0	0	0
\$25,000-\$99,999	0	0	0
\$100,000-\$499,999	0	0	0
\$500,000-\$999,999	0	0	0
\$1,000,000-\$4,999,999	0	0	0
Above \$5,000,000	0	0	0
Number of Small Businesses by Average Number of Employees			
≤10 Employees	0	0	0
11-50 Employees	0	0	0
51-100 Employees	0	0	0
101-250 Employees	0	0	0
251-500 Employees	0	0	0
501-1,000 Employees	0	0	0
>1,000 Employees	0	0	0
Number of Rental Units Supported by GEMS	269	269	269

3.4 Cost Savings Impact

	This Quarter: 10/1–12/31/16	FY2017 To-Date	Since Program Inception
Aggregate Estimated Electricity Cost Savings From Energy Production (life of system) (\$)	\$1,423,425	\$1,564,727	\$2,204,501
Average Estimated Electricity Cost Savings From Energy Production (life of system) (\$) (Consumer)	\$43,139	\$39,597	\$44,585
Average Estimated Electricity Cost Savings From Energy Production (life of system) (\$) (Commercial)	\$366,598	\$366,598	\$366,598
Average Estimated Electricity Cost Savings from Energy Efficiency (\$)	0	0	0
Average System Cost per Watt for All Consumers (PV) (\$)	\$3.75	\$4.02	\$3.97
Average System Cost per Watt for Underserved Consumers (PV) (\$)	\$3.75	\$4.03	\$3.98
Average System Size for All Consumers (PV) (kW)	7.69	8.50	8.46
Average System Size for Underserved Consumers (PV) (kW)	7.57	8.44	8.37
Project Cost per Watt for All Consumers – Energy Efficiency (\$)	0	0	0
Average Project Size for All Consumers – Energy Efficiency (kW)	0	0	0
Project Cost per Watt for Underserved Consumers – Energy Efficiency (\$)	0	0	0
Average Project Size for Underserved Consumers – Energy Efficiency (kW)	0	0	0

4 Financial Summary of Hawaii Green Infrastructure Authority

State of Hawaii
Hawaii Green Infrastructure Authority
Financial Summary
FY 2017

STATEMENT OF NET POSITION

AS OF DECEMBER 31, 2016

Current Assets	
Cash in Bank	\$ 141,395,996.27
Cash in Treasury	929,311.29
Total Current Assets	<u>\$ 142,325,307.56</u>
Non-Current Assets	
GEMS Loans Receivable	1,947,451.28
Total Assets	<u><u>\$ 144,272,758.84</u></u>
Liabilities	\$ -
Total Liabilities	\$ -
Fund Balance	
Fund Balance - State Treasury	\$ 929,311.29
Fund Balance - GEMS Program	143,343,447.55
Total Fund Balance	<u>\$ 144,272,758.84</u>
Total Liabilities & Fund Balance	<u><u>\$ 144,272,758.84</u></u>

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

PERIOD OF JULY 1, 2016 TO DECEMBER 31, 2016

Revenues	
Investment Interest	\$ 147,258.19
Interest Income on Loans	25,674.82
Total Revenues	<u>\$ 172,933.01</u>
Expenditures	
Over(Under) Expenditures	<u>\$ (116,741.96)</u>
Net Change in Fund Balance	\$ (116,741.96)
Fund Balance, Beginning of Period ²¹	\$ 144,389,500.80
Fund Balance, Ending of Period	<u><u>\$ 144,272,758.84</u></u>

²¹ A prior period adjustment aggregating \$386,268.71 was applied to the Fund Balance at 7/1/16 of \$144,661,025.67 to reclassify GEMS Loan Receivable that was originally recognized as Program Expense. Additionally, a prior year adjustment of \$657,793.58 was also applied for prior year encumbrances.

5 Additional Reporting Requirements

5.1 Consumer Protection Policies

The Program Order directed the Authority to “provide full details of the GEMS Program consumer protection policies it develops to the [C]ommission with its quarterly reporting and Program Notifications”²² and to “report 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, as part of the GEMS Program’s quarterly reporting and Annual Plan submission process”.²³

The GEMS Program submitted its consumer protection policies in a Program Notification to the Commission on July 1, 2015.²⁴

No complaints have been received to date regarding GEMS Deployment Partners.

5.2 Utility-Scale Project Financing

The Program Order instructed the Authority to summarize and report information about utility-scale project financing during periods where utility-scale project financing is initiated and the project is operated.²⁵ The Authority has not initiated any utility-scale projects during the quarter and there are no utility-scale projects that have been financed or are currently being discussed.

5.3 Utility System Cost Information Update

The Program Order directed the Authority to “work with the HECO companies and the Consumer Advocate to determine the appropriate GEMS Program-related utility system cost information for reporting purposes, and to provide an update on the finalization of these utility system costs and impacts reporting requirements as part of DBEDT’s first Quarterly Report filing.”²⁶ Though “utility system cost” was not defined in the Program Order, the Consumer Advocate refers to these costs as costs “incurred as result of [distributed generation] PV or other clean energy projects financed by the GEMS [P]rogram.”²⁷ Subsequent to the issuance of the Program Order, the Authority, HECO and the Consumer Advocate met to identify ways to integrate data that is currently available with data that will be obtained through monitoring and other means to quantify and analyze potential utility system costs due to distributed generation. While the Authority did not allocate any resources for this initiative over the last quarter, it will update the Commission on utility system cost information should discussions resume.

²² See “Decision and Order No. 32318,” filed in Docket No. 2014-0135 on September 30, 2014, at p. 66.

²³ See “Decision and Order No. 32318,” filed in Docket No. 2014-0135 on September 30, 2014, at p. 66.

²⁴ See “Program Notification No. 4 for the Green Infrastructure Loan Program” filed in Docket No. 2014-0135 on July 1, 2015 at pp 4-5.

²⁵ See “Decision and Order No. 32318,” filed in Docket No. 2014-0135 on September 30, 2014, at p. 60.

²⁶ See “Decision and Order No. 32318,” filed in Docket No. 2014-0135 on September 30, 2014, at p. 95.

²⁷ See “Division of Consumer Advocacy’s Statement of Position,” filed in Docket No. 2014-0135 on August 7, 2014, at p. 14.

SERVICE LIST

Two copies of the foregoing: GEMS Program Quarterly Report in Docket No. 2014-0135, together with this Certificate of Service have been served to the following and at the following addresses by U.S. Mail:

State of Hawaii
Public Utilities Commission
465 S. King Street, #103
Honolulu, Hawaii 96813

Dean Nishina
Executive Director
Department of Commerce and Consumer
Affairs
Division of Consumer Advocacy
PO Box 541
Honolulu, Hawaii 96809

Daniel G. Brown
Manager-Regulatory Non-Rate Proceedings
Hawaiian Electric Company, Inc.
Hawaii Electric Light Company, Inc.
Maui Electric Company, Ltd.
P.O. Box 2750
Honolulu, Hawaii 96840-0001

And by electronic transmission to

Warren S. Bollmeier II
President
Hawaii Renewable Energy Association
46-040 Konane Place, #3816
Kaneohe, HI 96744
wsb@lava.net

Rick Reed
Director
Hawaii Solar Energy Association
P.O. Box 37070
Honolulu, HI 96837
rreed@solarsupply.com

Henry Q. Curtis
Vice President for Consumer Issues
Life of the Land
P.O. Box 37158
Honolulu, HI 96837-0158
henry.lifeoftheland@gmail.com

Douglas A. Codiga, Esq.
Schlack Ito
Topa Financial Center
745 Fort Street, Suite 1500
Honolulu, Hawaii 96813
dcodiga@schlackito.com

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