

HAWAII GREEN INFRASTRUCTURE AUTHORITY

State of Hawai'i

July 29, 2019 –3:00 p.m.

250 S. Hotel Street, Conference Room 436
Honolulu, Hawai'i 96813

ATTENDANCE

Members Present: Mike McCartney, Carilyn Shon, and Neal Miyahira.
Members Absent: Jeff Mikulina.
Staff Present: Gwen Yamamoto Lau, Ryan Hamadon, and Nathan Akamu.
Others Present: Gregg Kinkley (Deputy Attorney General).
Members of the Public: Richard Wallsgrove.

I. ROLL CALL

Chair McCartney called the meeting of the Hawaii Green Infrastructure Authority (HGIA) to order at 3:34 p.m.

Chair McCartney	Present
Vice Chair Mikulina	Excused
Secretary Shon	Present
Member Miyahira	Present

MATERIALS DISTRIBUTED

1. Agenda for July 29, 2019 Meeting.
2. Minutes of the Regular Meeting on June 14, 2019.
3. HGIA's June 30, 2019 Quarterly Report.

II. APPROVAL OF MINUTES

Chair McCartney announced that the first item on the agenda is the approval of the minutes of the June 14, 2019 regular meeting. Secretary Shon moved, and Member Miyahira seconded the motion to approve the June 14, 2019 minutes.

Chair McCartney asked if there were comments from any members of the public. Hearing none, he called for a vote.

Ayes: McCartney, Shon, and Miyahira.
Nays: None.
The motion carried unanimously, 3 to 0.

III. PROGRAM UPDATES

Chair McCartney stated that the next items on the agenda are Program Updates and called on Ryan Hamadon, Senior Program Officer, to provide Residential Loan updates.

1. Hamadon stated that since the board meeting on April 26, 2019, HGIA received 232 consumer loan applications. Of the 232 applications, 231 applied for the On-Bill Program and 11 are renters.

As of July 29, 2019, three loans are past due. One loan is over 61 days delinquent with a balance of \$43,099.83. The other two loans, both over 31 days delinquent, had balances of \$29,293.62, and \$39,881.18, respectively. HGIA is working with these borrowers to bring their loans current.

2. Nathan Akamu, Program Officer, provided an update on the Commercial Portfolio. Since the board meeting on April 26, 2019, HGIA approved 8 commercial loans aggregating \$3.35 million in loan funds.

The commercial portfolio does not have any delinquent loans as all loans are being paid as agreed.

3. Yamamoto Lau shared that thanks to the vision and foresight of our policy makers and the PUC, feedback from other Green Banks during the recent American Green Bank Summit indicates that Hawaii's on-bill program is significantly more comprehensive and inclusive than other existing programs.

Members had clarifying questions on the residential and commercial loan programs which were addressed by staff.

IV. PERMITTED INTERACTION GROUP

Chair McCartney stated that the next item on the agenda is the report of the Permitted Interaction Group ("Group") to investigate and make a recommendation regarding the remaining GEMS loan funds available to lend. Richard Wallsgrove, Assistant Professor of Law at the William S. Richardson School of Law, was called to present the report.

Mr. Wallsgrove circulated the Report of the Permitted Interaction Group. He provided an overview of the process and context of how this [fairly large] group of energy stakeholders with diverse perspectives reached the recommendation(s).

The process started with a broad discussion identifying relevant segments, market gaps, needs and opportunities. One of the opportunities identified and lauded was the GEM\$ on-bill repayment mechanism and the new markets it may unlock.

During the discussions, the Group recognized that while there is a tension and need for timely clean energy adoption in general, they felt that the real opportunity for GEMS is to provide access to capital for clean energy adoption to the underserved and hard to reach. With this lens, the Group submitted the following recommendations:

- As affluent homeowners should have access to traditional financing, moving forward, GEMS should be utilized to finance low and moderate-income homeowners and renters of single family dwellings;
- While the group came to a quick consensus regarding affluent homeowners, it was not the same for small businesses. Although eliminating small businesses to be eligible for GEMS financing is being recommended, there were some in the group that recognized that there are some small businesses that may not have access to capital via traditional financing options.

- New tactics or approaches for GEMS to consider (with PUC Approval, as required):
 - Increase Leverage. Explore the appetite and viability of credit enhancement programs to increase leverage of private to public capital;
 - Community Based Renewable Energy. Explore the viability of leveraging the GEM\$ on-bill repayment mechanism to help reach LMI and renter segments in CBRE projects;
 - To the extent that storage is paired with other things that GEMS is doing, financing energy storage projects that target eligible segments;
 - Explore the viability of counter-offering the financing of a solar hot water (or heat pumps) to those LMI applicants not able to qualify for solar PV financing.
- Increase focus, marketing and business development efforts in Hawaii County to increase GEMS financing on the Big Island.
- Lastly, the Group is providing target recommendations on the % allocation of remaining GEMS funds for eligible segments. However, the Group understand the importance of allowing for flexibility to enable actual allocations to adjust to market needs.

After allowing time for Members to ask clarifying questions, Chair McCartney thanked Mr. Wallsgrove for his presentation and the work of the Permitted Interaction Group.

Chair McCartney stated that per HRS 92-2.5, deliberation and decision-making on the recommendation of the Permitted Interaction Group shall not occur until HGIA's next board meeting scheduled for August 15, 2019. Written testimony regarding the recommendation can be submitted to HGIA. Additionally, the public shall have an opportunity to provide oral testimony during the next board meeting.

V. DISCUSSION AND/OR DECISION MAKING

Chair McCartney proceeded to the final item on the agenda, which is the approval of HGIA's June 30, 2019 Quarterly Report and called on Yamamoto Lau to provide an overview of this action item.

Yamamoto Lau provided an overview of the Quarterly Report:

- As of June 30th, there was \$33.9 million available to lend.
- Excess revenues over expenses, prior to the transfer of loan repayments to the PUC for the fiscal year was \$3.5 million.
- Since the official launch in April of the GEM\$ on-bill program, residential loan applications received each month have increased by 311%.
- The program has also created a buzz on the national level and we were invited to participate in two panel discussions in Washington DC
- We are surprised by the number of applicants with disconnection notices, which is concerning because, especially for the underserved population, these are the household who would most benefit from lowering their energy costs. As such, we will be exploring the viability of counter-offering these applicants with financing energy efficient water heaters (in lieu of a solar PV system), to lower their energy costs. If viable, we will seek Commission approval.
- We will do some due diligence on financing community solar developments under the subscriber model, to reach the LMI and renter population.
- Since June 1, 2018, there were 22 GEMS related articles published locally and nationally; and HGIA made 13 presentations and participated in 7 tradeshows

- Even before the official launch of our on-bill mechanism, HGIA was exceeding its capacity limits. The launch and significant increase in application activity further exasperates our resource limitations, so we have submitted a request to increase staffing.

Yamamoto Lau addressed a few questions from the Members.

Chair McCartney asked if there were any further questions. Seeing none, he asked for public comments. Hearing none, he asked for a motion to approve HGIA's June 30, 2019 Quarterly Report.

Secretary Shon moved and Member Miyahira seconded the motion to approve HGIA's Quarterly Report for the period ending June 30, 2019, subject to corrections. Chair McCartney then called for the vote.

Ayes: McCartney, Miyahira, and Shon.

Nays: None.

The motion carried unanimously, 3-0.

VI. ADJOURNMENT

Chair McCartney asked if there were any other matters that should be discussed. Seeing none, he asked for a motion to adjourn the meeting.

Secretary Shon moved and Member Miyahira seconded the motion. Chair McCartney then called for the vote.

Ayes: McCartney, Miyahira, and Shon.

Nays: None.

The motion carried unanimously, 3 to 0.

Chair McCartney adjourned the meeting at 4:00 p.m.

Respectfully Submitted By:



Carolyn Shon
Secretary