



GEMS Residential & Commercial Loan Programs

STATE OF HAWAII Green Infrastructure Authority | GEMS FINANCING PROGRAM



GEM\$ LOAN PROGRAM OVERVIEW

What is GEM\$?

The Green Energy Money \$aver (GEM\$) On-Bill Program is an innovative financing program for homeowners and renters offered exclusively by the Hawaii Green Infrastructure Authority that features:

- No upfront costs
- Immediate bill savings
- Elimination of credit barriers
- Obligation tied to the utility meter (not the person)
- Payments conveniently made on your monthly electric bill



Applying for GEM\$ is a 2-Step Process

STEP 1: PARTICIPANT ELIGIBILITY

- Based on utility bill payment history
- No disconnect notice during the past 12 months

STEP 2: PROJECT ELIGIBILITY

- Energy Improvement (EI) must be on the Approved EI List
- Post-installation, the EI must provide a minimum 10% utility bill savings

APPROVED ENERGY IMPROVEMENT LIST

Residential Installations:

- Solar Thermal Water Heaters
- Solar PV Water Heaters
- Heat Pump Water Heaters
- Solar PV Systems



Commercial Installations:

- HVAC
- Water Heating
- Thermal Storage Pumps
- Motors
- Building Envelope
- Refrigeration
- Other Commercial Energy Efficiency Technologies
- Solar PV Systems

What does 10% savings look like?

Homeowners pre-energy improvement utility bill: \$250.00

Post-energy improvement utility bill: \$125.00

Monthly GEM\$ program charge: \$100.00

Total Post-energy improvement installation: \$225.00



Monthly Savings: \$25

The 10% savings ensures the homeowner can afford the installed energy improvement and saves money over the useful life of the improvement

FINANCING PROGRAMS

GEM\$-On Bill Repayment Program

- No credit evaluation required: Not a loan
- Oversized systems NOT allowed
- Obligation tied to the utility meter (not a person)
- 10% immediate bill savings required
- Payments conveniently made on your monthly electric utility bill

GEMS - Direct Loan Program

- Credit based underwriting to qualify
- Oversized systems may be eligible for financing
- Loan made directly to customer
- 20% Savings over the term of the loan (20 years)
- Homeowner billed monthly by HGIA

Both programs contribute to the State of Hawaii's goal to achieve 100% clean energy by 2045 through low cost financing of approved energy improvements

Determine which program is right for your customer!

Next Steps

Homeowner completes a GEM\$ financing application or a Direct loan application available on-line

HGIA to apply the two-step process:

- Determine if the homeowner is an eligible participant (GEM\$) or an eligible borrower (Direct Loan)
- Determine if the proposed system meets program eligibility

Once the applicant and proposed system meet eligibility, documents are executed and the Energy Improvement can be installed



New Opportunities with GEM\$



Because the GEM\$ On-Bill Program obligation is tied to the utility meter and not a person, it is ideal for landlords and renters.

- ❖ Renter lowers their utility costs without any money out-of-pocket
- ❖ When a renter moves out, the new renter assumes the obligation on their utility bill and does not have to qualify.
- ❖ The landlord is given up to 2 years suspension of payments for vacancies during the term of the obligation.
- ❖ Landlord may be eligible for State & Federal tax credits and depreciation

This creates a WIN-WIN-WIN for the Renter-Landlord - Environment



COMMERCIAL LOAN PROGRAM OVERVIEW

Design of Commercial Loan Products

- The design included three objectives:
 1. to collaborate and partner with commercial banks and other financial institutions;
 2. to be more flexible and competitive; and
 3. to fill a market gap with an unconventional financing tool.
- Result: Co-lending structure with a capital stack of public & private debt and equity (if required)
 - Long-term financing tool complements conventional financing and provide low-cost, cash flow friendly capital

Eligible Off Takers (rate payers)

- **Nonprofits**
- **Small Businesses (as defined by the U.S. Small Business Administration's size standards)**
- **For profit multi-family projects**

GEM\$ FOR COMMERCIAL CUSTOMERS

- **Qualifying process is the same as the Residential GEM\$ program and features the same program benefits**
- **For Energy Efficiency installations, the Contractor must also be a Hawaii Clean Energy Ally and the EE must be on Hawaii Energy's approved list**
- **For tax purposes, Landlords or Investors are considered "Borrowers" and will undergo traditional underwriting and execute loan documents**
- **With Investor PPAs, the Offtaker has the option to assume the GEM\$ debt and purchase the system, thus maximizing their utility savings**

Financing Terms

- ✓ **Fixed Interest Rates not to exceed 7.50%**
- ✓ **Encourage leveraging GEMS funds with Bank financing**
- ✓ **Up to 100% Financing – No Money Down**
- ✓ **Up to 20-Year Terms**
- ✓ **No Prepayment Penalties**



Eligible Properties

- ✓ Subject Property must be located within the service territories of Hawaiian Electric Company (HECO), Maui Electric Company (MECO) or Hawaii Electric Light Company (HELCO)
- ✓ The property may be fee simple or leasehold. Leased properties must have at least 20 years remaining on the Lease.





GEMS CONTACTS & RESOURCES

Contact Information

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