



# Hawaii Green Infrastructure Authority

## Residential & Commercial Loan Programs

*October 15, 2024*

# About Us

The Green Energy Money Saver (GEM\$) On-Bill Program was approved in 2018. GEM\$ is an innovative financing program for owner/users, landlords and tenants offered exclusively by the Hawaii Green Infrastructure Authority.



***Mission Statement:***

*To make clean energy accessible and affordable to the “underserved” consumer and commercial sectors of Hawaii*

# What's Unique About HGIA Loans?

- ✓ **Eliminates credit barriers** – No conventional loan underwriting for residential customers

	<b>Residential</b>	<b>Commercial</b>
Credit Reports	Not required, unless landlord/tenant	Required for guarantors
Financial Statements	Not required, unless landlord/tenant	Required
Debt-To-Income Ratios	Not required	Required if not On-Bill

- ✓ **Underwriting based on estimated electric utility bill savings** or (commercial only) adequate debt service coverage at 1.30:1.
- ✓ **Obligation tied to the utility meter** (allows for transfer from ratepayer to ratepayer), enabling renters to benefit from solar



# Eligibility Requirements

## Borrowers

- ✓ Nonprofits
- ✓ Small Businesses\*
- ✓ Multi-Family Residences
- ✓ Low-to- Moderate Income households
- ✓ Landlords/Tenants
- ✓ Homeowners

## Utility

- ✓ Customer of HECO, MECO, or HELCO on Rate Schedule G, J, DS, or P for the past 12 months\*\*
- ✓ (Commercial) disconnection notices issued during the past 12 months require explanation
- ✓ (Residential) required bill savings increases with # disconnection notices

## Energy Improvements

- ✓ Commercial Energy Efficiency Technologies (HVAC, lighting, etc.)
- ✓ Solar PV System
- ✓ Heat Pump Water Heater
- ✓ Solar PV Water Heater
- ✓ Solar Thermal Water Heater
- ✓ Energy Storage Systems

Approved energy improvements online at: [Hawai'i Green Infrastructure Authority | Approved Energy Improvements \(EI\) List \(hawaii.gov\)](https://www.hawaii.gov/green-infrastructure/energy-improvements/)

\*as defined by US Small Business Administration's size standards

\*\*for Residential: 6 months can be accepted as an exception

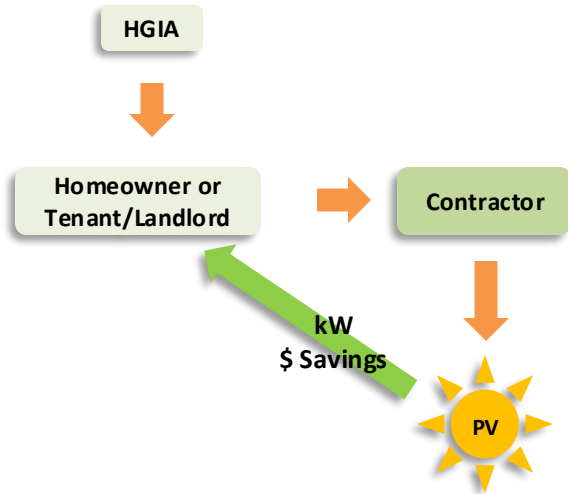


**HGIA**  
**Residential On-Bill**  
**Program**

# Residential Loans vs. Leases

## LOAN

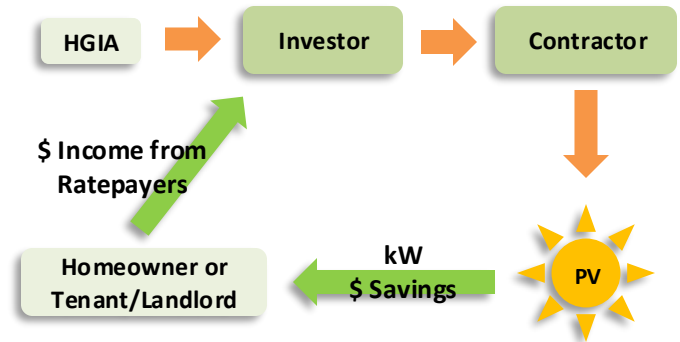
*Allows homeowners to purchase/own a PV system, benefit from tax credits and bill savings.*



## LEASE

*Allows homeowners to benefit from bill savings with PV, without having to pay for upfront installation costs.*

*Investors benefit from tax credits & cash flow from ratepayers purchasing energy from their system.*



# Residential Loans vs. Leases

## GEM\$ Loan Program (Purchase)

*Allows financings for a homeowner to purchase an approved energy improvement (solar PV) system.*

- ✓ Long-term financing of 20 or 25 years
- ✓ Amortization based on occupancy type (Owner occupant vs Tenant/Landlord vs DHHL Lessee)
- ✓ Fixed interest rate of 5.50%
- ✓ System owners may be eligible for tax benefits
- ✓ No pre-payment penalties
- ✓ No loan/annual fees (trust review fee applies for properties held under trust)
- ✓ Required minimum bill savings based on # of HECO disconnection notices

## GEM\$ Energy Services Program (Lease)

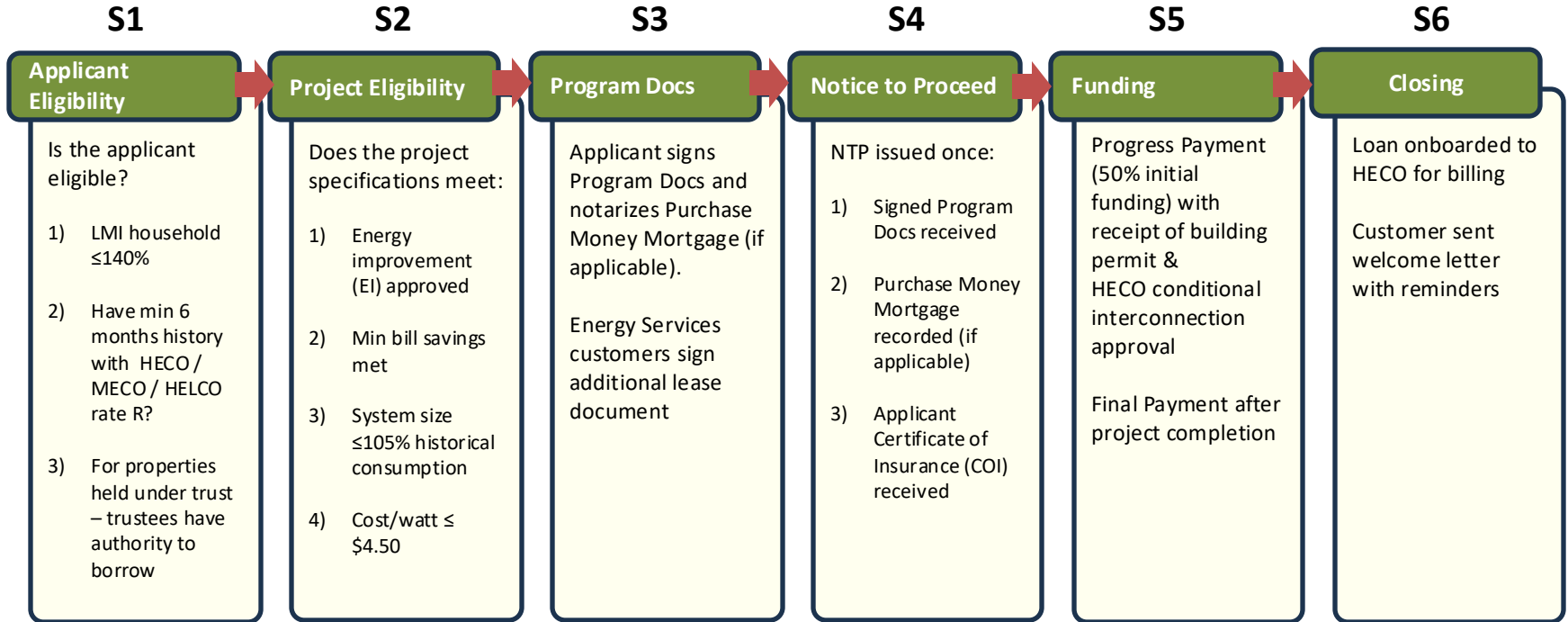
*Long-term contract between an energy company (System Owner), which installs, owns and operates a solar PV system on the rooftop of an LMI household (ratepayer). The LMI ratepayer purchases the energy generated by the solar system for a pre-determined amount and pre-determined period.*

- ✓ Ratepayers enjoy pre-determined energy rates
- ✓ Ratepayers do not pay for upfront installation cost of the system
- ✓ Ratepayers required to meet a 20% bill savings to qualify
- ✓ Investors/landlords may benefit from tax credits and cash flow from repayment by Ratepayers
- ✓ Lease terms at the discretion of Investor/landlord as documented in Energy Services Program Agreement, but must not be longer than the PV panels warranty

Ratepayers (including Renters) enjoy immediate estimated bill savings  
Payments made conveniently on Ratepayer's monthly electric utility bill  
Elimination of credit barriers

Obligation tied to the utility meter (not a person) - allows for transfer from ratepayer to ratepayer

# Application Process: Summary



\* Requirements may differ for GEM\$ Energy Services Program process



# S1: Determine Applicant Eligibility

## ***Applicant Requirements***

- Low- and moderate-income households: 140% or less of US Department of Housing & Urban Development (HUD) Income Schedule ([2024 HUD Income Guidelines](#))
- Owner occupant, Tenant/Landlord (Landlord Applicants require credit pull), Fee Simple/Leasehold/DHHL

## ***Required Minimum Electric Utility Account History (HECO / MECO / HELCO only)***

- Minimum 6 months, however 12 months preferred

## ***Trust Review (for properties held under trust)***

- Trust Review Fee of \$230.37 to be paid to Hawaii Green Infrastructure Authority (Checks only)
- Long-form trust, including all amendments required
- Trust Review must confirm trustees have authority to borrow against subject property



***Insurance Requirements  
(required for Notice to Proceed):***  
Homeowners Insurance (H03) or  
Condo Insurance Policy (H06)  
must be current and allow for  
Hawaii Green Infrastructure  
Authority to be added as  
Lenders' Loss Payee (prior to  
NTP issuance and throughout  
loan term)

# S1: Applicant Documents Required

1. **Application(s)** – 1 per electric utility ratepayer. Additional Property Owner Application needed for each person on property title (installation address)
2. **Most recent electric utility bill** – minimum 6 months history required
3. **Utility Authorization** – HGIA sends to HECO/MECO/HELCO to confirm # of disconnection notices to determine required bill savings needed for GEM\$ approval. An On-Bill Report (OBR) must be received from HECO prior to determining applicant eligibility
4. **Customer identification for each ratepayer and property owner** – must be valid, government-issued ID with signature. Name on ID must match applications and electric utility bill account holder name.
5. **(if applicable) Long-form trust** – required if subject property held under trust. Must include all amendments. Short-Form not accepted.
6. **(if applicable) Copy DHHL Lease or other ground lease**
7. **(if applicable) Landlord HGIA Financing Program Application** – required if applicant is a renter

## ***Applicant Eligibility: Initial Decision Sent to Applicant(s), with cc: Contractor (if provided)***

- 1) S1 Adverse Action Letter: applicant does not meet eligibility requirements
- 2) S1 Missing Items: application is incomplete or missing documents
- 3) S1 Applicant Eligible / Pre-Approval: applicant(s) determined eligible to participate in GEM\$ Program. Next step will be to evaluate project eligibility. HGIA to contact contractor to request project docs for review (if no already provided)

# S2: Determine Project Eligibility

## Qualified Energy Improvements ([GEM\\$ Approved Energy Improvements \(EI\) List](#))

- ✓ Solar PV System & Storage
- ✓ Solar Thermal Water Heater
- ✓ Solar PV Water Heater
- ✓ Heat Pump Water Heater
- ✓ (NEW) Battery add-on to existing PV system

## System Sizing

- ✓ **Cost/watt ≤ \$4.50** – based on total contract cost and system size DC (kW)
- ✓ **System tolerance ≤ 105% total historical annual consumption** (as reflected on provided electric utility bill) – based on estimated year 1 production of system and 12-month historical consumption
- ✓ **NREL estimate cannot exceed 10% of total historical annual consumption** (as reflected on provided electric utility bill)

## Required Minimum Bill Savings

- ✓ Dependent on # of disconnection notices applicant has received (HECO reports this info to HGIA)
- ✓ Estimated bill savings calculations is inclusive of GEM\$ monthly program charge and must be met each year of loan/lease term

Disconnection Notices	Estimated Bill Savings Required
0	≥ 5% Savings
1 - 4	≥ 10% Savings
5+	≥ 15% Savings

**NEW!** Online underwriting calculator can be used to estimate bill savings, confirm if system is within sizing guidelines, down payment required, etc.

[Hawai'i Green Infrastructure Authority | Contractors \(hawaii.gov\)](http://hawaii.gov)

*Please test system specs using calculator prior to submitting project docs (all interconnection types except NEM/NEM+)*

\*Note GEM\$ Energy Services Program requires minimum 20% bill savings for all applicants

# S2: Conditional Approval Requirements

1. **NREL estimate:** <https://pwwatts.nrel.gov>
2. **PV Watts Certification** (signed by authorized signer as stated on Contractor Participation Agreement) – all fields to be completed; note version dated 10/15/24 includes additional project info, including system size, battery cost, PV system cost, etc.

***Note the finalized purchase contract signed by the customer will be required for FINAL APPROVAL. Conditional approval can be granted if we receive the above two items in good order.***

***We can move directly to FINAL APPROVAL if we receive the signed purchase contract upfront, it includes all of the system info as stated on the PV Watts Certification, and all system requirements and bill savings met.***

## ***Project Eligibility: Initial Decisions***

- 1) S2 Conditional Approval: project specifications meets guidelines and requirement minimum bill savings met.  
***Purchase contract is not signed by the customer.***
- 2) S2 Counteroffer: estimated required bill savings not met and a downpayment or additional financing needed from customer to lower loan amount.
- 3) S2 Project Modification: Project does not meet program requirements and adjustments needed to specifications.

# S2: Conditional Approval Requirements

## *For Solar Thermal / Solar PV Hot Water Heaters*

- ✓ Contractor must be a **Hawaii Clean Energy Ally** and the Energy Efficiency installation must be on the Hawaii Energy's approved list for both on-bill and third-party owned systems, as applicable
- ✓ Hawaii Energy Rebate work order# – will Homeowner/Landlord utilize rebate to buy-down the cost of the installation or buy down their GEM\$ interest rate.
- ✓ Contract or Addendum signed by Contractor and Property Owner(s) to include:
  1. 1-year workmanship warranty
  2. 10-year manufacturer's warranty; 6-year Manufacturer's warranty on Hot Water Tank
  3. Equipment description (panels, tank, size, etc.)

## *For Customers Purchasing Electric Vehicles (EV)*

- ✓ PV System sizing allows for additional consumption needed if the customer intends to purchase an EV in the next 12 months
- ✓ Additional consumption needed will be based on mileage estimated from an existing gas combustible vehicle that the Applicant owns. Customer will need to provide:
  - ✓ Copy of Current Registration
  - ✓ Copy of Current Safety Check



# S2: Final Approval Requirements

- 1. Finalized Purchase Contract *signed by customer*** – All system specifications conditionally approved must be stated on purchase contract. Note the following warranties are required:
  1. 10-year Workmanship Warranty
  2. Equipment description (panels, batteries, inverters make/model, tank size, system monitoring equipment, etc.)
  3. 10-year Manufacturer's Warranty on Solar Hot Water panels (if applicable)
  4. 6-year Manufacturer's Warranty on Hot Water Tank (if applicable)
- 2. PV Watts Certification** – note year 1 production must match year 1 production on signed purchase contract
- 3. NREL Estimate** – must match PV Watts Certification stated NREL estimate

***Project Eligibility: Final Decision  
Sent to Applicant(s) and  
Contractor***

- 1) S2 Final Approval: project has met all requirements, loan terms provided in Conditional Approval. Finalized purchase agreement is signed by customer. Program docs will be drafted and sent to customer for signatures

# S3: Program Documents

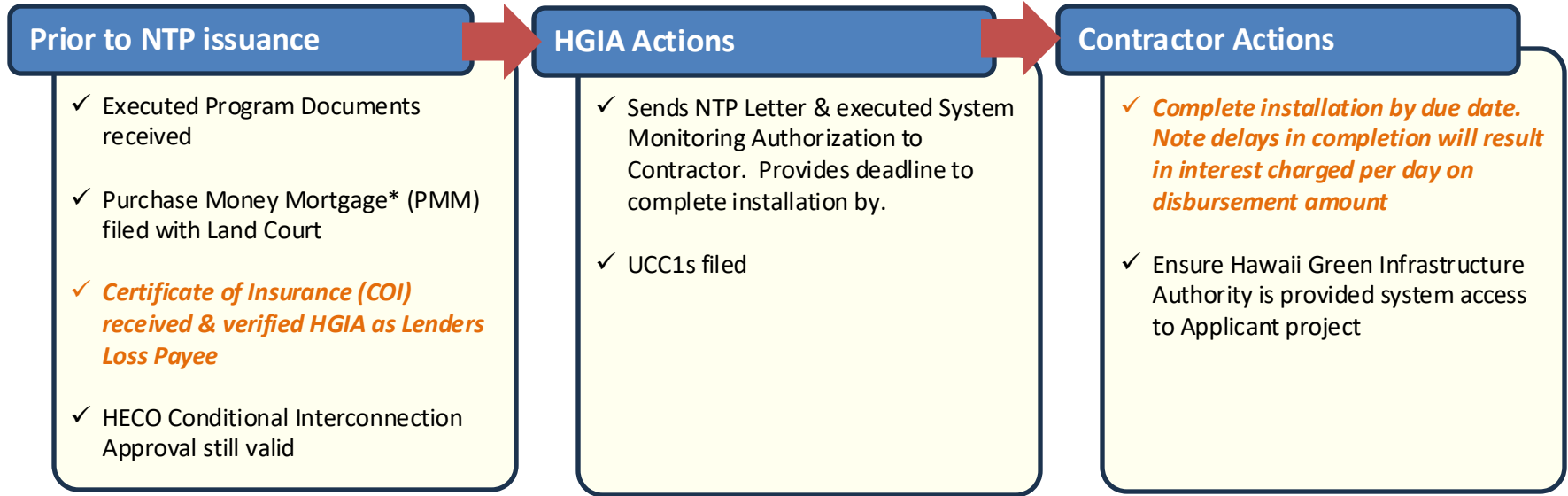
***Once S2 approval received or customer accepts counter-offer, HGIA to send program documents to customer for signatures.***

- ✓ Preferably documents sent via e-sign. HGIA will cc Contractor on docs being emailed to customer.
- ✓ If Purchase Money Mortgage required (Land Court), notarized hard copy will be required. Customers have the option to sign in-person at HGIA office with notary if scheduled in advance

Document Name	Description
Enhanced Utility Authorization	Authorization for HGIA to obtain an updated report from HECO to verify if customer has been paying as agreed
Certificate of Insurance Request	Certificate of Insurance request to add HGIA as Lenders Loss Payee on Applicant's Homeowners (H03) or Condo Insurance Policy (H06)
System Monitoring	Applicant's authorization to allow HGIA to monitor system for production
Residential Participation Agreement (RPA)	Lists GEM\$ Loan Program terms and conditions
Purchase Money Mortgage (PMM)*	Required if property is held in Land Court
Certification of Trust*	To be signed by Applicant and Witness verifying their authority to borrow on subject property held under trust
Solar Hot Water Maintenance Reserves Addendum*	Applicant to sign if opting for maintenance reserve on solar hot water heater installation
Attestation to Purchase Electric Vehicles*	Applicant's verification of electric vehicle purchase

\*If applicable

# S4: Notice to Proceed (NTP): Requirements



\*If applicable – required when subject property is held in Land Court

**Important: HGIA must be alerted of any project changes that occur before, during, or after loan approval or NTP issuance. Changes may require review of underwriting and changes to loan amount approved.**



# S5: Funding Options

## 50/50 Progress Payment

## 100% Project Completion

### Description

*50% initial funding at start of installation, 50% final funding at project completion*

*Full funding at project completion only*

### Fees

*Solar PV: Greater of \$300 or 2.5% loan amount  
Solar Hot Water: Greater of \$100 or 2.5% loan amount  
Installation must be completed within 6 months of progress payment, or interest will accrue daily and withheld from disbursement*

*Solar PV: Greater of \$300 or 1.0% loan amount  
Solar Hot Water: Greater of \$100 or 1.0% loan amount*

### Required Documents

#### **1<sup>st</sup> 50% (Progress Payment)**

- ✓ Building and/or Electrical Permit(s)
- ✓ COI valid
- ✓ HECO Conditional Interconnection still valid

#### **Final 50%**

- ✓ Closed Building and/or Electrical Permit
- ✓ COI valid
- ✓ HECO Interconnection Validation Email (to be followed by FINAL Interconnection Approval)
- ✓ HGIA has system access
- ✓ GEM\$ Completion Form

#### **Funding @ 100% Project Completion**

- ✓ Closed Building and/or Electrical Permit
- ✓ COI\* still valid
- ✓ HECO Interconnection Validation Email (to be followed by FINAL Interconnection Approval)
- ✓ HGIA has system access
- ✓ GEM\$ Completion Form

# Reminders

- ✓ Customers should be aware that homeowner's insurance (H03) or Condo Insurance (H06), whichever is applicable for their property, will be required for the GEM\$, AND the insurance company must be able to add HGIA on as **Lenders Loss Payee**. “Additional Interest” will not be accepted
- ✓ If the customer’s property is held under a trust, a trust review will be required, and trust review fee (\$230.37) will need to be received prior to HGIA ordering a trust review.
- ✓ For applications, each property owner and each ratepayer on the utility account (HECO/MECO/HELCO) will need to submit an application AND valid ID
- ✓ If there are any changes to project specifications, please inform HGIA immediately as it may affect underwriting and loan amount
- ✓ Project documents (e.g. purchase contract, PV Watts Certification, NREL estimate, etc.) must reflect the finalized project terms to be used in our underwriting.
- ✓ Cost of batteries should be broken out from total PV system price



# **HGIA**

# **Commercial Program**

# Commercial Repayment Methods

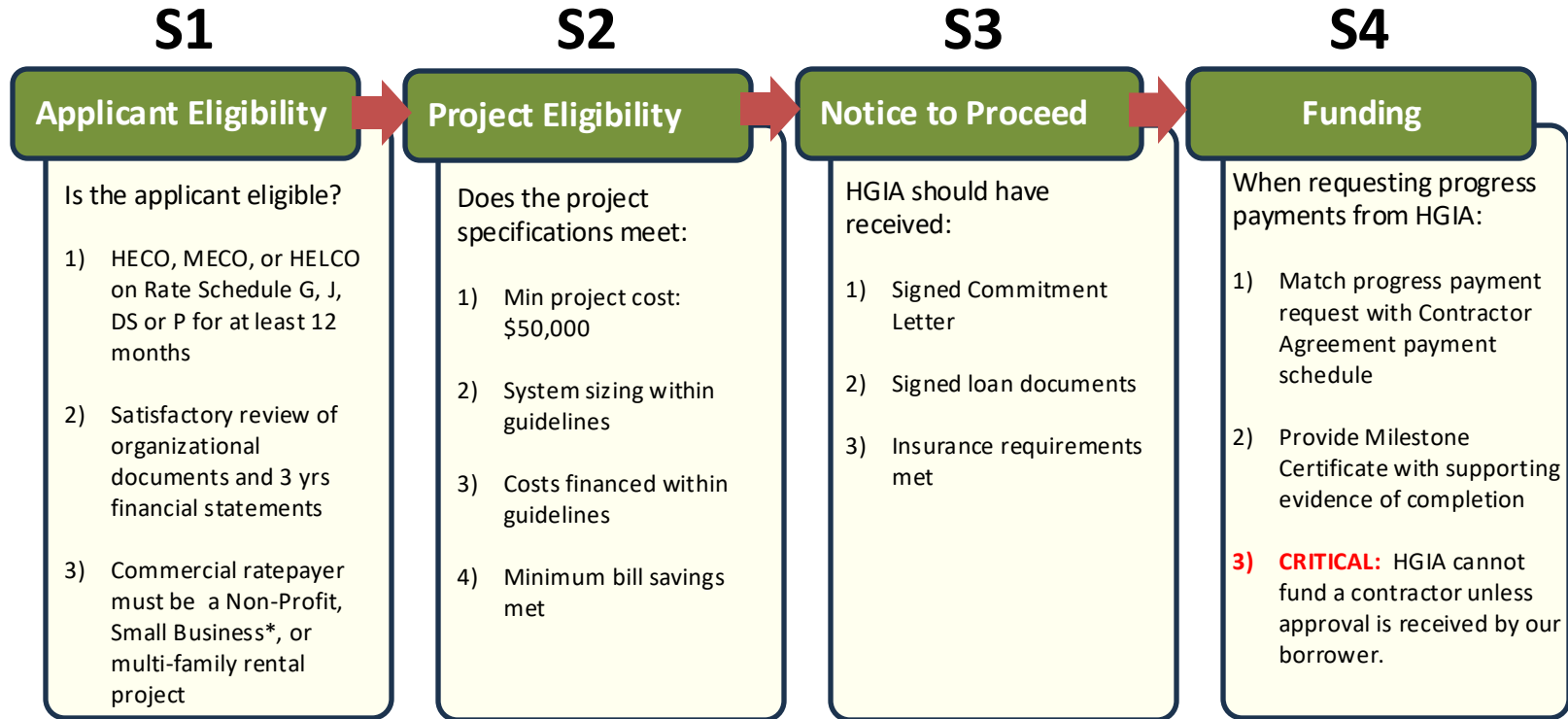
## On-Bill Repayment

## Direct Loan Repayment

<b>Billing</b>	<i>Program charged billed directly through electric utility bill as a tariff</i>	<i>HGIA invoices customer directly, monthly</i>
<b>Obligation</b>	<i>Obligation tied to utility meter (not a person)</i>	<i>Loan made directly to customer – all parties on title MUST be borrower on the loan</i>
<b>Interest Rate</b>	<i>5.50% fixed for up to 20 years</i>	<i>As low as 4.50% fixed for up to 20 years</i>
<b>Amortization</b>	<i>Based on occupancy type</i>	<i>Up to 20 years* *may depend on partner bank terms</i>
<b>Max Financing</b>	<i>Up to 100% project cost</i>	<i>Up to 100% project cost</i>
<b>Non-Payment</b>	<i>Customer's electricity may be disconnected due to non-payment</i>	<i>Customer will be asked to disconnect PV system for non-payment</i>
<b>Underwriting</b>	<i>Underwriting focused on bill savings</i>	<i>Credit-based underwriting to qualify</i>
<b>Required Bill Savings</b>	<i>20% bill savings over life of loan</i>	<i>20% bill savings in each Year</i>

**Leveraging GEMs funds together with traditional bank financing encouraged**

# Commercial Application Process



# Commercial S1: Application Eligibility

## Applicant Requirements:

- ✓ Must be a customer of Hawaiian Electric Company on Rate Schedule G, J, DS or P for the past 12 months
- ✓ No disconnect notice issued during the past 12 months
- ✓ Commercial ratepayer must be a Non-Profit, a Small Business (as defined by the SBA guidelines), or a multi-family rental project

## Documents Required:

- ✓ Utility bill dating back 12 months
- ✓ Utility authorization
- ✓ Organizational documents
- ✓ Project information

## How to Apply:

**Online application:** [Hawai'i Green Infrastructure Authority \(hawaii.gov\)](https://hawaii.gov/greeninfrastructure)

**Email:**  
dbedt.greenbank@hawaii.gov

# Commercial S2: Project Eligibility

## Project Eligibility Requirements:

- ✓ Minimum project cost - \$50,000
- ✓ Installed PV system cost not to exceed \$5.625/watt (total project cost over system size DC kW)
- ✓ Up to 20% of other costs may be financed (roof repair, meters upgrade, etc.)
- ✓ Minimum 20% bill savings (including repairs, upgrade, program charge)

## Documents Required:

- ✓ Participant Agreement
- ✓ Security Agreement
- ✓ Executed Installation Contract
- ✓ Request for certificate of insurance
- ✓ Solar System Monitoring Authorization letter

## Loan Approval:

HGIA issues Commitment Letter with Loan Terms & Conditions

***Please inform HGIA of any changes to the above-mentioned variables as it will affect our savings calculations; we will need to re-run our numbers and make sure our program mandated minimum savings is being met.***

# Commercial S3: Notice to Proceed & Funding

- ✓ Once all GEM\$ documents are signed, we will issue the Notice to Proceed (NTP)
- ✓ During this time, we will follow-up on the insurance requirement
- ✓ NTP also provides instructions on the documents that the Contractor needs to submit prior to funding
- ✓ Completion Certificate: indicates the GEM\$ obligation amount and the contract price – this needs to match the Participant Agreement; if it doesn't, then it's back to underwriting; worst case scenario – we won't fund (On-Bill Only)



# Commercial S4: Funding

## 1. Identify and match progress payment request with contract

- Match the progress payment requested with the payment schedule on the executed Contractor Agreement
  - ✓ If there is a revision made to the Payment Schedule, an Amended and Executed Contractor Agreement must be provided to the HGIA for review. This may affect our capital stack structure.

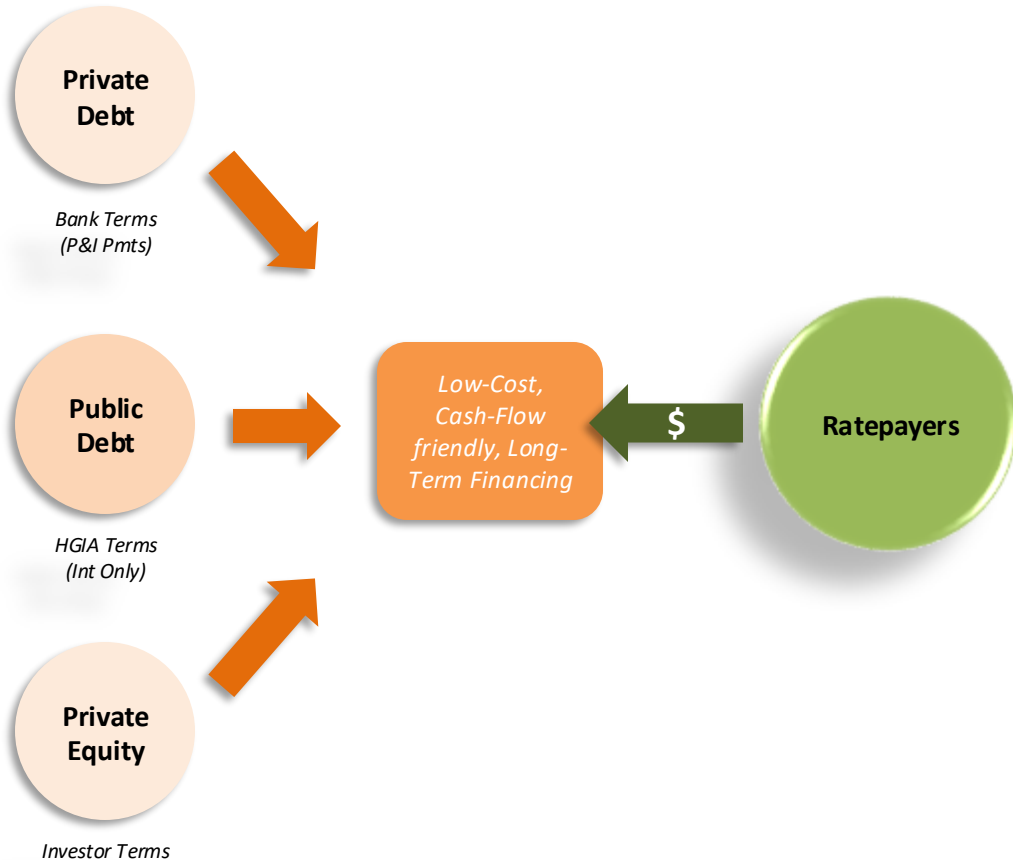
## 2. Provide a Milestone Certificate with each request for a HGIA progress payment

- With the Milestone Certificate, please provide the following supporting documents:
  - ✓ An invoice for the progress payment requested (as a note, please segregate HGIA's funding amount from other sources of funding, if applicable)
  - ✓ Contactor's release and waiver of lien
  - ✓ Other documentation supporting the request as stipulated in the Contractor's Agreement

## 3. Once the Milestone Certificate package is reviewed, Approval Is Required

- This approval is provided by our borrower (your client)
- Our borrower (your client) must review the Milestone Certificate package and approve disbursement of funds before any monies are transacted

# Direct & Third-Party Commercial Loan Products

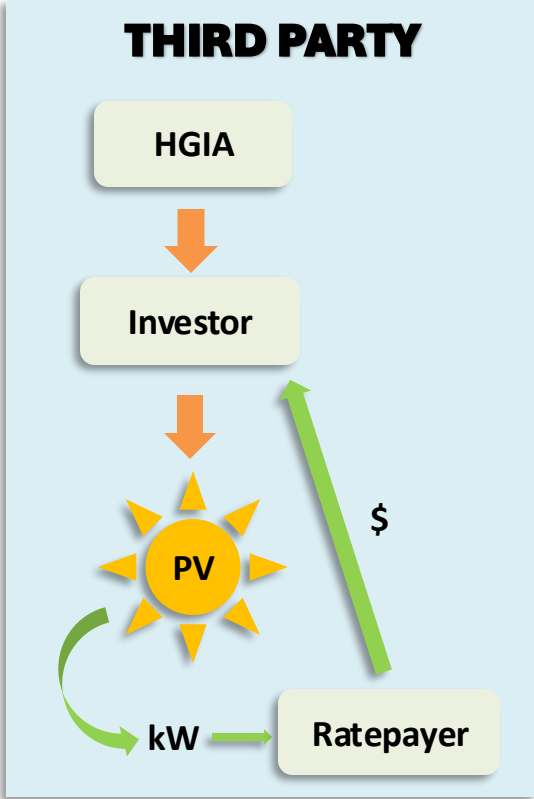
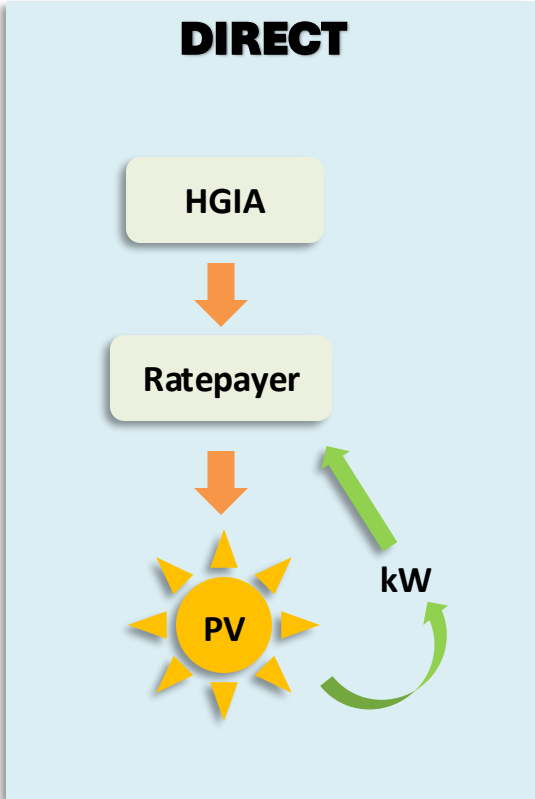


## Objectives:

1. Collaborate and partner with commercial banks and other financial institutions
2. Be more flexible and competitive
3. Fill a market gap with an unconventional financing tool

# Commercial Terms & Structure

*Two Types of Commercial Financing:*



*Direct or Third-Party Loans provide a good fit for PPA Structure...*

# Contacts & Resources

Hawaii Green Infrastructure Authority

[dbedt.gems@hawaii.gov](mailto:dbedt.gems@hawaii.gov)

808-587-3868

[Hawai'i Green Infrastructure Authority \(hawaii.gov\)](http://hawaii.gov)

*Website site contains online and PDF applications, program summary, FAQs, etc.*

GEM\$ Residential On-Bill Contractor Checklist – please contact us for a copy