

Hawaii's Green Energy Market Securitization (GEMS) Program

Merissa Sakuda
Energy Analyst
merissa.h.sakuda@dbedt.hawaii.gov

NASEO Finance Committee Meeting
August 6, 2015



Purpose and Background

- Hawaii's energy situation: High energy costs, ample renewable resources, isolated grids, ambitious energy policy goals
- Distribution of net-energy-metering customers does not match population distribution
- **GEMS Program's purpose:** Expand the existing financing market to allow more access to clean energy technologies that lower energy costs



2



GEMS Two-Part Structure

- 2-part structure in Act 211, Session Laws of Hawaii 2013 :
 - Raise capital for a fund. Hawaii PUC Docket No. 2014-0134
 - Stranded-Asset Securitization model used to issue green bonds that raised capital through pledging a fee paid by electric utility ratepayers to bondholders. No additional impact on ratepayers
 - Use the fund for a financing program. Hawaii PUC Docket No. 2014-0135
 - Authority formed and created products design to target an increase in market access while still capturing the maximum savings for participants in the program

3



Implementation: Bond Capital

- Bond Issuance Team
- Green Infrastructure Fee design
 - <http://energy.hawaii.gov/testbeds-initiatives/gems/green-infrastructure-fee>
- Service Provider Agreement with Utilities
- \$150,000,000 GEMS Bonds, Series 2014
 - Issued November 2014
 - Rated Aaa/AAA/AAA
 - Awards
 - 2014 Council of Development Finance Agencies, Excellence in Energy Finance Award
 - 2014 International Financing Review, North America Structured Finance Issue of the Year Award
 - 2014 International Financing Review Americas, U.S. Structured Finance Issue of the Year Award



4



Implementation: Financing Program

- Authority Formation and Staffing
 - Bylaws, committees
- Product Documentation and Development
 - Product designs for PV and energy efficiency
- Program Implementation Teams:
 - Originators
 - Installers
 - Repayment Servicers
 - Direct Bill Servicer
 - On-Bill Mechanism Development

5



Current Status

- Bond Update:
 - First true up occurred and went into effect July 1, 2015
 - First bond payment on July 1, 2015 went as planned
- Program Update:
 - Launched Non-Profit PV Product on March 31, 2015
 - Launched Residential PV Product on June 30, 2015
 - Next Steps:
 - Complete a commercial energy efficiency product
 - Finalize details and agreements for an on-bill mechanism
 - Develop community solar/rental product

6

