Hawaii’s Green Energy Market Securitization (GEMS) Program

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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
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

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
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

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