



coalition for green capital

Fundraising Sources & Investment

Decisions: How Capital Needs Impact Lending Activity at Clean Energy Finance Organizations

*ACEEE Finance Forum, Chicago, IL
Monday May 22, 2017*

Discussion with founders and leaders of dedicated clean energy finance organizations

- **Susan Leeds** – CEO, New York City Energy Efficiency Corporation
- **Bert Hunter** – EVP and CIO, Connecticut Green Bank
- **Bonnie Norman** – Vice Chair of Board, Montgomery County, Maryland Green Bank
- ***Moderator - Jeffrey Schub*** – ED, Coalition for Green Capital

Though different forms and capital sources, all three are mission-driven orgs, investing in clean energy market gaps

- **Focused institutions**, created to **maximize clean energy** deployment & Investment
- Use **public-purpose** money, often paired with **private capital**
- Provide **financing** in many forms to **underserved market sectors**
- Are **market-oriented and flexible**,
- Seek to be **self-sustaining**, and produce dividends for taxpayers
- **Complement existing actors** and programs, bridging gaps in capital supply chain

Today's Question? – How are these organizations capitalized, where do they seek additional capital, and how do capital sources impact the operations and lending activity of the organization?



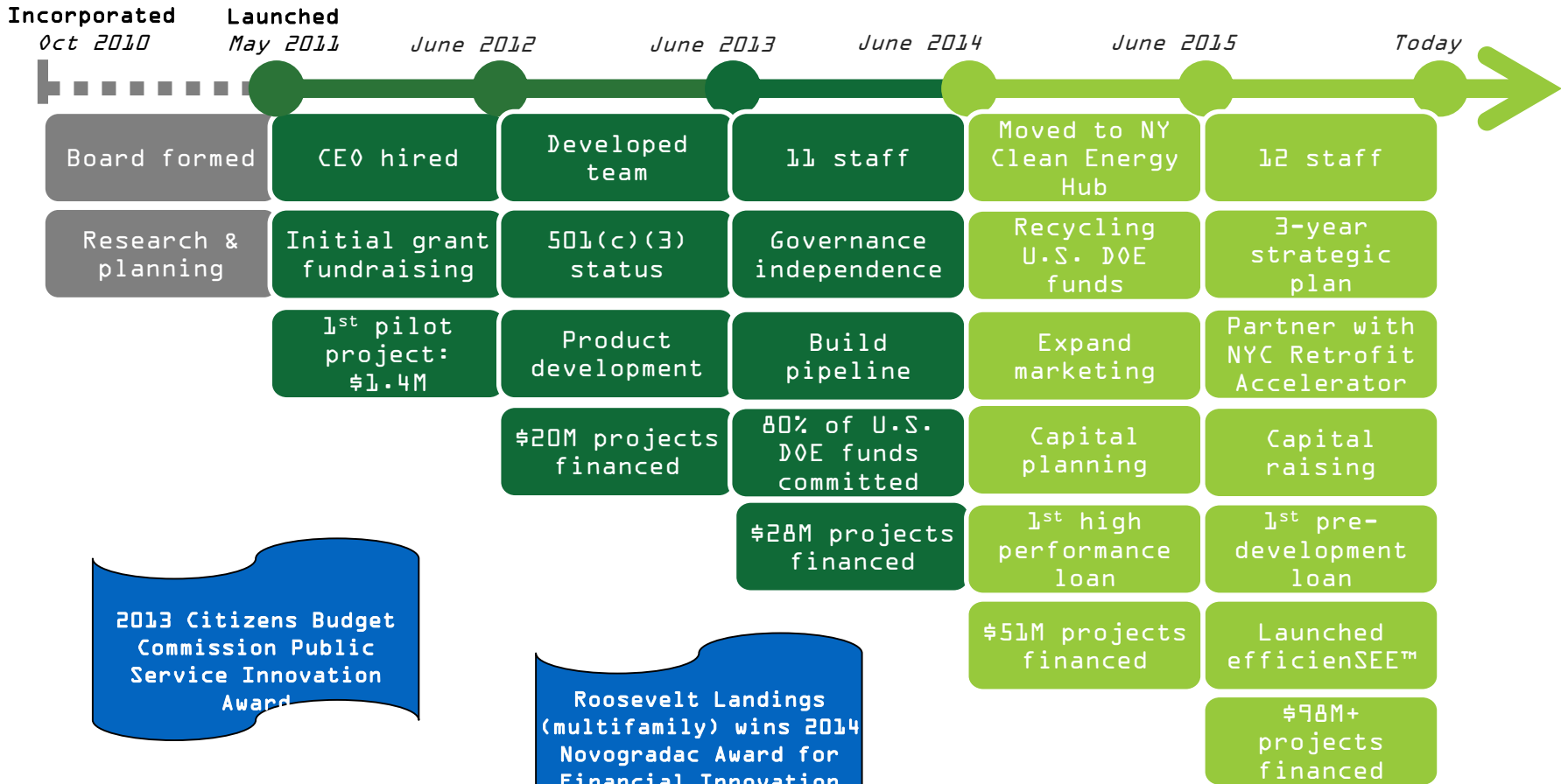
NYCEEC

BUILDING FINANCIAL SOLUTIONS

FINANCING CLEAN ENERGY

MAY 2017

NYCEEC'S PATH



OUR IMPACT



\$98 MILLION
CLEAN ENERGY
PROJECTS
FINANCED

7 LENDING
PARTNERSHIPS



8.2 million
SQUARE FEET
IMPACTED

182
BUILDINGS
UPGRADED

IN ALL FIVE BOROUGH
among all building types



715,000
MTONS OF



ELIMINATED

19.5 million
MMBtus OF ENERGY SAVED



4,496

AFFORDABLE
HOUSING UNITS



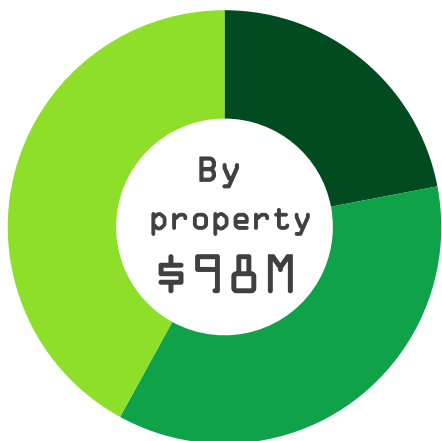
1,063
JOBS created



NYCEEC PORTFOLIO



Diverse building types
(By total project cost)



22%

Multifamily
affordable

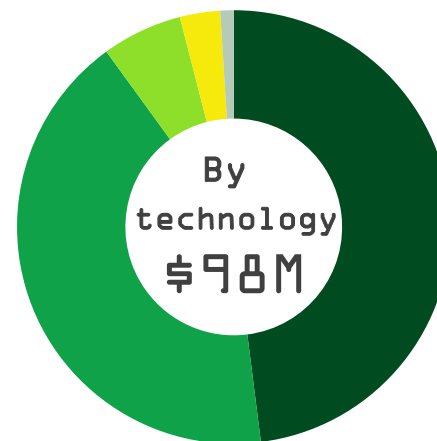
36%

Multifamily
market-rate

42%

Commercial &
industrial

EE & CLEAN ENERGY
(By total project cost)



48%

Energy
efficiency

1%
Renewables

42%

CHP

3%
Demand
response

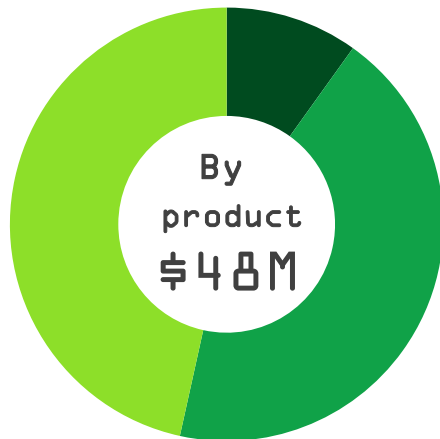
6%

Fuel
conversion

NYCEEC PORTFOLIO



Targeted financial solutions
(By NYCEEC capital commitment)



10%

Green
construction

44%

ESA
& PPAs

47%

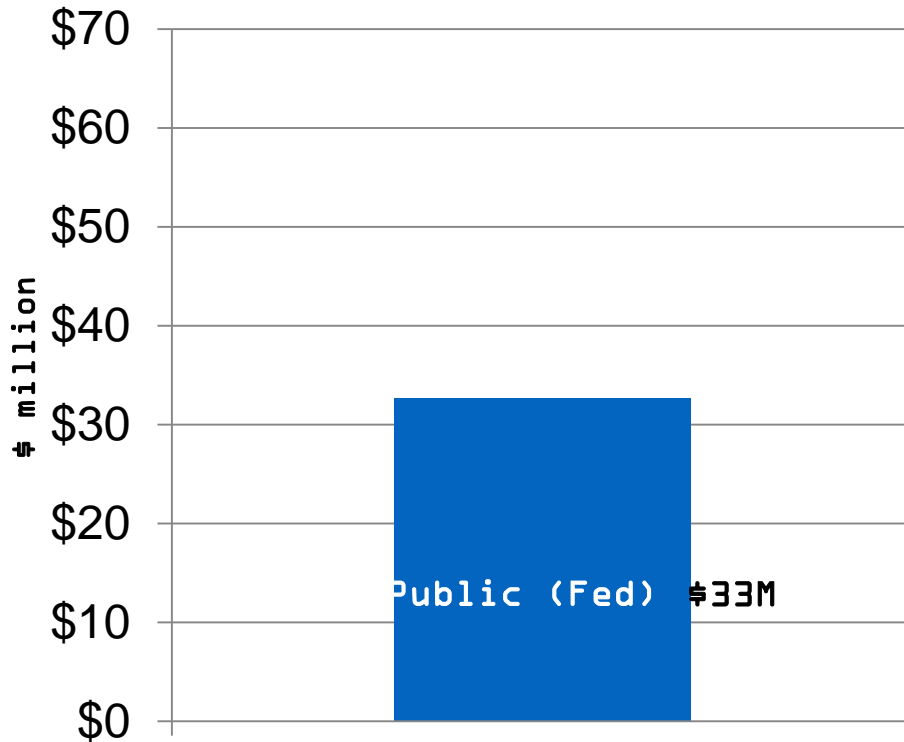
Equipment
loans

Capital	<ul style="list-style-type: none"> Loans \$47M Credit enhancement (CE) utilized \$1M CE committed \$7.5M
# of transactions	59
Size	<ul style="list-style-type: none"> Pre-dev't: \$3k - \$8.5k Loan: \$48k - \$7M
Weighted avg interest rate	6.6%
Weighted avg term	8.4 years

CAPITAL RESOURCES

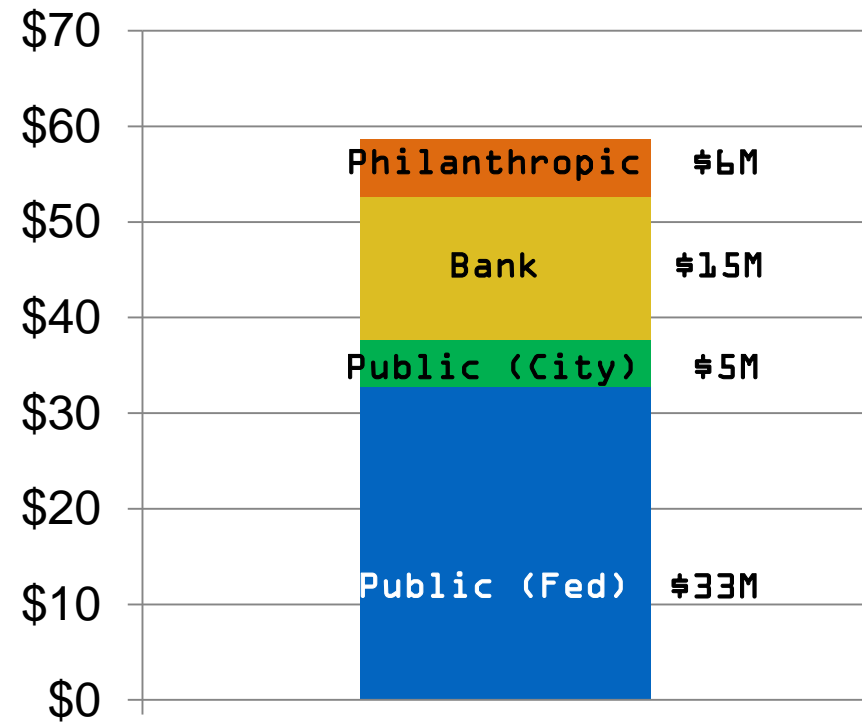


2011 at launch



Total: \$33M

2017 today



Total: \$59M

OUR TEAM



Susan Leeds, CEO, sleeds@nyceec.com



Connecticut Green Bank

About Us

- **Quasi-public organization** – created 2011 and succeeded the Connecticut Clean Energy Fund (1999-2011) ... with **~\$60 MM**
- **Focus** – finance clean energy (i.e. renewable energy, energy efficiency, and alternative fuel vehicles and infrastructure)
- **Balance Sheet** – approximately **\$175 MM** in assets (**growing**)
- **Support** – supported by
 - a \$0.001/kWh surcharge on electric bills approx **\$27-30 MM / year (stable)**
 - A “CO² Cap & Trade” ... approximately **\$5 MM / year (stable)**
 - Portfolio Income ... approximately **\$2 - \$3 MM / year (growing)**
 - Private capital, foundations, US Govt (i.e. SunShot & ARRA) – (**varies**)
- **Leverage** – raised ~\$500 million from capital providers in < 5 years

Connecticut Green Bank



Accelerating Green Energy Deployment

	FY 2000- FY 2011 (CCEF)	FY 2012- FY 2016+ (CGB) ¹
Model	VC and Subsidy	Financing
Years	11.00	5.25
Energy (MW)	43.1	208.2
Investment (\$MM)	\$349.2	<i><u>\$1 Billion</u></i>
Leverage Ratio	1:1	3:1 to <i><u>11:1</u></i>
% of Funds as Loans	10%	50%

Deploying **more** green energy at a **faster** pace while using ratepayer-taxpayer resources **responsibly**

REFERENCES

1. Approved, closed, and completed transactions

IMPACT! Connecticut Green Bank



Delivering Results for Connecticut

- **Investment** – mobilized over \$1 billion of investment into Connecticut’s clean energy economy so far
- **Jobs** – created ~5,000 direct jobs and up to an estimated 12,500 total jobs, translating to an estimated 7.5% to 20% of total job creation in CT over the Green Bank’s first 5 years.*
- **Energy Burden** – reduced the energy burden on over 20,000 households and businesses
- **Clean Energy** – deployed more than 200 MW of clean renewable energy helping to reduce 2.5 million tons of greenhouse gas emissions that cause climate change

REFERENCES

*62,500 private non-farm jobs created in the state over 5 years since Green Bank creation mid-2011. Green Bank statistics are in job-years; “total jobs” include direct, indirect and induced. CT DOL statistics are aggregated from monthly point-in-time estimates. CT Department of Labor - <http://www1.ctdol.state.ct.us/lmi/privatesectoremployment.asp>

Key Programs

- **Smart-E** – Residential EE/RE loans – Network of local lenders
- **LMI Solar** – Posigen / Solar Lease EE/ESAs – alt underwrite
- **Multifamily** – Tech Assistance / Pre-Dev & Term Loans
MacArthur & Kresge
- **C-PACE** – \$100 MM Partnership with Hannon Armstrong
- **Solar Lease 2 & 3** – >\$150 MM in facilities (US Bank, KeyBank,
Onyx Renewable Partners / Blackstone)
- **Small Business** – \$30 MM Partnership with utilities & global bank
- **Project Finance** – >\$100 MM in Fuel Cells, Wind, Hydro
- **State & Municipal Finance** – LBE – EV infrastructure & transport

Montgomery County (Maryland) Green Bank

The Nation's First County Green Bank

May 22, 2017

ACEEE Energy Efficiency Finance Forum--Chicago, Illinois

Fundraising Sources and Investment Decisions

Statement of Purpose

The Montgomery County Green Bank is a publicly-chartered nonprofit dedicated to accelerating affordable clean energy and energy efficiency investment in Montgomery County, Maryland.

We partner with the private sector to *inclusively* build a more prosperous, resilient, sustainable, and healthy community.

Montgomery County Green Bank Goals



Jobs ↑ **CO₂** ↓

About Us

- ▶ Publicly-chartered by Montgomery County, MD--June, 2015 with 9 month pre-launch County work group process
- ▶ 11 members on the Board of Directors—2 County
- ▶ Designated as the County's Green Bank--July, 2016— an incorporated nonprofit (pursuing 501c3 status)
- ▶ Highly engaged board and partners (DEP, CGC), pro bono, in kind , and small gift support, Governance and Operations established--ED starts 6/17
- ▶ Set to receive ~\$14m in funding over 3 fiscal years (\$6M by 3Q, 2017) *from the County via the Pepco-Exelon utility merger settlement agreement* (Customer Investment Fund)

Market Focus and Operating Model

- ▶ **Nonprofit start up** with initial funding from merger, no regularly recurring capital infusion
- ▶ **Priorities**—
LMI and Affordable Housing Mandate,
Scaling Markets/Sectors Broadly—Gap Focus,
Deeper Retrofits and Resilience,
Leverage and Sustainability
- ▶ **Single Family**—loan loss reserve planned
- ▶ **Multi-Family**—“additionality”-focused direct lending with affordable housing partners, technical assistance and/or credit enhance PACE
- ▶ **Commercial**—non REIT; loan loss reserve planned

Capitalization and Fundraising

- ▶ **Initial \$14.1M capitalization from utility merger:**
\$3M in FY17 (5/17), \$3M in 1QFY18 (9/17), \$8M in FY19
- ▶ **Secured first 6-figure philanthropic gift—April, 2017**
for communications and replicability (Maryland+)
- ▶ **Partner Compendium and Sources of Funds docs—**
fundraising and media strategy development underway
- ▶ **CDFI (-like) subsidiary to be explored FY18**
- ▶ **Standardization to enable future securitization a priority**

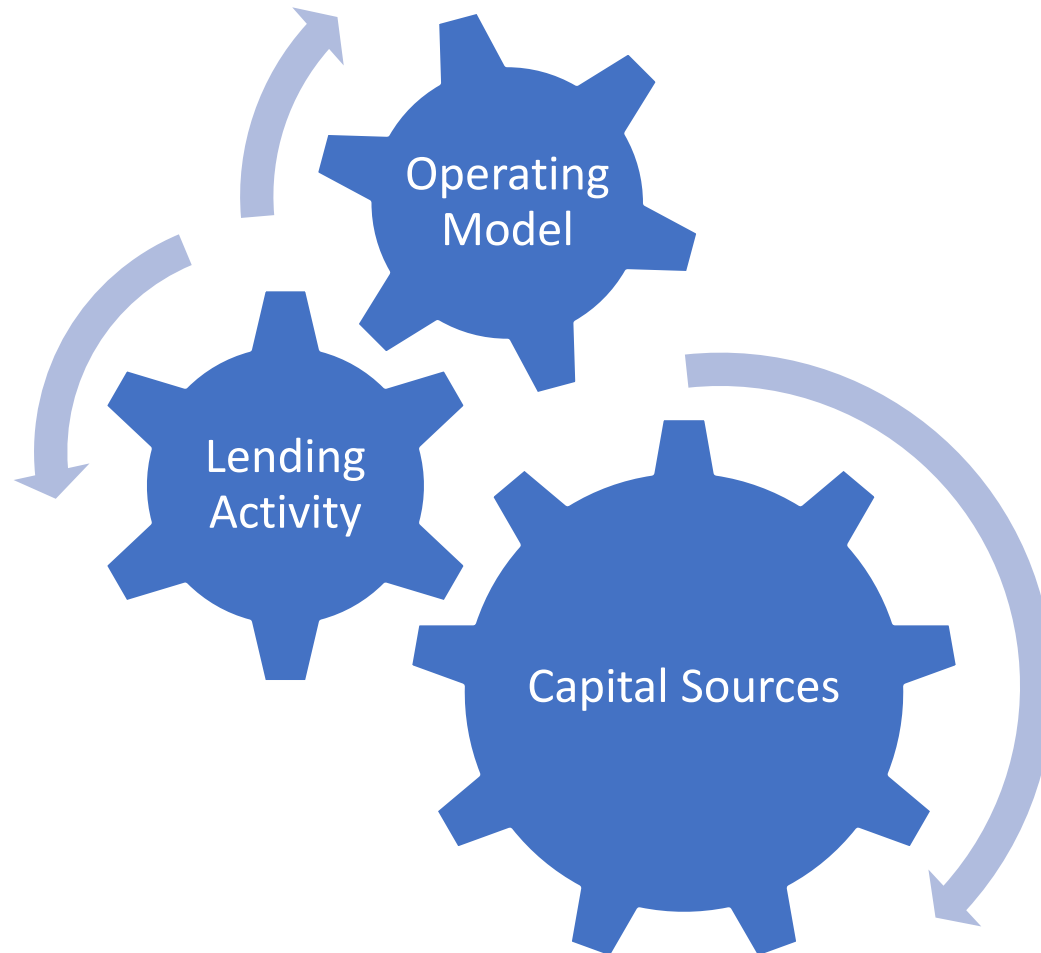
Thank you

Comments and Questions:

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Panel Discussion





coalition for green capital

Thank You

Jeffrey Schub, Executive Director

Coalition for Green Capital

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