The State of Green Banks Nationwide

Coalition for Green Capital
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HGIA Stakeholder Convening

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Green Bank is dedicated public or non-profit finance entity designed to drive private capital into market gaps

- Are **focused institutions**, created to **deploy clean & resilient energy technology**
- Use public money to de-risk & **leverage private investment** with innovative structures
- Use debt, warehousing, credit-enhancing and related instruments to **produce cost-effective energy** for end-users
- Seek to be **self-sustaining**, and produce dividends for taxpayers
- **Complement** existing actors and programs, bridging gaps in capital supply chain
- Are **market-oriented and flexible** adjusting offerings, products and partnership structures to suit the customer-need
Why Green Banks? Because of importance of dedicated local institutions focused on financing & market growth

- Specific Focus
- Local Capital Formation
- Prime the Pump

- Take 1st or 2nd Loss
- Carry Market-Making Costs
- Convene & Organize
Green Banks use multiple structures to draw in more investment capital at better financing terms
Example: Green Bank offers standard credit enhancement to retail lenders to serve the market

- Green bank defines terms of loan loss reserve and risk-mitigation mechanism for residential EE & RE loans
- Banks enter market with reduced risk and offer good terms
Example: Green bank loan warehouse for SMB building upgrades, following by private sale

- Green bank directly issues loans for project, and builds portfolio that has scale, diversified risk
- Then sells portfolio to private investor to recycle capital
- Good for projects too small for PACE (<$100k)
Green Bank expansion to date driven by success of early adopters, and ability to vary to local conditions

Concept is proven effective. More governments seek to implement their own versions using same principles and methods.

**Pilot** - CT Green Bank

**Wholesale** - NY Green Bank

**Local Variants** – RI, CA, HI, MoCo, DC, Baltimore, others
Today, new Green Banks are being explored from largest market (India) to smallest (DC)

**Operating GBs**

- Malaysia GTFS
- Australia CEFC
- Japan GFO
- (UK GIG)
- NY Green Bank
- CT Green Bank
- RI Infrastructure Bank
- CA CLEEN Center
- HI Green Infrastructure Authority
- Montgomery County, MD GB

**In Development or Under Consideration**

- India
- Southern Africa
- Canada
- Chile
- US: Washington, DC, Maryland, Nevada, Colorado, Missouri, Pennsylvania, Massachusetts
Green Banks have mobilized more than $29 billion in clean energy investments.
But how do we build on success, maximize effectiveness of existing entities, raise more capital, and create new GBs?

How do we take a model that is inherently flexible and adapted to local conditions and make it easily and rapidly replicable?
Need to harness new opportunities and new capital sources, while leveraging scale of the movement

• **Must Tap New Capital Sources**
  – Philanthropic capital, program related investments, impact investors, and private institutional capital increasingly available for GB investment
  – No longer need to rely singularly on public funds
  – *NYGB preparing to raise $1B to finance clean energy projects in other states through state Green Banks!*

• **Need a Systemic Movement**
  – Green Banks, partners, and policy supporters have scale and reach that requires more methodical approach to expansion

• **Need Greater Connective Tissue Among Green Banks**
  – *New Green Bank Consortium* will be commercial platform connecting local Green Banks to each and third-party capital/service providers
New Green Bank Consortium will support the commercial operation and expansion of Green Banks

- CGC is launching new Green Bank Consortium (GBC), made up of Green Banks & related clean energy finance entities
- Individual Green Banks hold immense amount of data, expertise and experience
- Public and private capital wants to invest at bigger scale in Green Banks
- Project developers want to engage at a bigger scale with Green Banks
- Green Banks can capture more capital and expand their scale and scope by organizing themselves into a Consortium
- Green Bank Movement has unprecedented opportunity and momentum
Consortium will leverage the power of a networked, locally-based distribution system for clean energy finance.

Currently, all Green Banks operate independently, seeking capital and developing products on their own:
- No operational partnerships
- No shared products
- No pooled capital
- Exchange info on ad hoc basis

Consortium will enable independent Green Banks to tap shared resources, realize scale efficiencies:
- Will raise wholesale capital to flow through Green Banks
- Develop innovative products that can be deployed by multiple orgs
Consortium will tap into range of capital sources that are eager to find avenues to invest in clean energy

Range of Capital Sources can be Tapped at Scale

- Foundation Grants
- Foundation PRI
- Impact Investors
- Commercial Lenders
- Institutional Investors
- State & Federal Funds

• Each Green Bank is financially & legally independent of each other and the Consortium, created to support local market needs & policy objectives
• Local funding (from govt, for example) can capitalize a Green Bank – can be for both operating & lending
• But Consortium can raise both start-up funds and lending capital to be used across multiple Green Banks
• Consortium will actively build relationships with multiple investors, where desired, in partnership with Members
• Will develop structures so capital can flow at scale into Members without bespoke arrangements
Thank You

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