Building a Green Bank Finance Business in Your Geography to Drive Clean Energy Investment

Coalition for Green Capital
April 2019
CGC has unique expertise as Green Bank implementer working with on the ground partners

- CGC, a non-profit, partners with governments, NGOs and market actors to create Green Banks that increase volume of clean energy investment.
- CGC delivers on-the-ground technical expertise to design, start-up and help operate GBs.
- Helped design & create multiple GBs, which have catalyzed over $3 billion in clean energy investment.
- Currently working in over a dozen states in the U.S.
- Founder and CEO Reed Hundt, former chairman of U.S. FCC.
- Supported by major global foundations.
Building clean power platform requires massive, systemic investment effort – global investment shortfall is $20T+

- Costs of breakthrough clean tech falling
- When combined, can create clean power platform
- Demand for power insatiable
- Capital is abundant
- Piecemeal grants, incentives, mandates not transformational
- *Few institutions focus on scaling investment*
The US has multibillion dollar clean energy investment opportunity, but projects are slow to develop

<table>
<thead>
<tr>
<th>Barrier</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is currently no one in the market with a job to develop pipeline</td>
</tr>
<tr>
<td>Energy projects are small and disaggregated, hard to finance at scale</td>
</tr>
<tr>
<td>Investors do not want to be the first mover into new markets like LMI</td>
</tr>
<tr>
<td>Time consuming for private actors to develop financeable projects in local markets</td>
</tr>
</tbody>
</table>

Focused institution needed to overcome these barriers
Green Banks are purpose-built to connect capital with clean energy projects in their markets

- Green Banks are clean energy finance businesses whose mission is to **use financial tools** to mitigate climate change
- Green Banks bring together **commercial, public, and mission-driven capital** to drive clean energy investment in local markets
- Green Banks develop local expertise to **break down barriers & connect projects with capital**
- Green Banks use methods that **catalyze greater overall investment** beyond the dollars they deploy
Green Banks are opportunity to demonstrate climate leadership

US Green Banks have catalyzed over $3 billion in investment

Through the nation's largest green bank... New York will continue to lead the fight against climate change

The Connecticut Green Bank demonstrates how mobilizing private investment into our clean energy economy can reduce the energy burden on households and businesses while creating jobs in our communities.
Green Banks in the US are active at the state, county, and city level.
Green Banks work in an ecosystem of market actors with help from mission and policy-driven supporters.

**Green Bank**

- **Philanthropy**: Identify markets and pipeline in need of capital
- **Investors**: Provide grants for operation or PRIs for innovative blended finance solutions
- **Government**: Provide funding for start-up activity, direct capital investment, and/or deeper partnership through governance role
- **Developers**: Put their money to work in target markets or geographies at scale
Philanthropy + Government spearheading nonprofit Green Bank development around the country

**Cuyahoga County Green Bank**

**Incorporated in 2018** in partnership with the state’s energy office, CCEF is using a federal grant to perform market analysis and pipeline development. CCEF has a self appointed board with state representation from the state energy office.

**Nevada Clean Energy Fund**

**Incorporated in 2018** in partnership with the state’s energy office, NCEF is seeking an initial operating grant from state government to compliment foundation funding. NCEF is governed by a board of directors established in legislation and appointed by the governor.

**Launched in 2019** with support from foundations and local government, the Cuyahoga County is developing a Green Bank with the potential for PRI funding to capitalize its balance sheet.
**Emergence of new capital pools outside of government adding momentum to nonprofit Green Bank trend**

<table>
<thead>
<tr>
<th>Philanthropic</th>
<th>Grant and investment capital has already been provided to other Green Banks from foundations and mission-driven investors, opportunity for more growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>Seeing success of past Green Banks, commercial capital providers seeking new intermediaries to finance local clean energy</td>
</tr>
<tr>
<td>Established Green Banks</td>
<td>Existing Green Banks (NY, CT, NYCEEC) have new ability to finance projects outside their original geographies, but need help accessing those opportunities</td>
</tr>
</tbody>
</table>
New national network of capital, products, and know-how launched to support Green Bank activity and achieve scale

New Green Bank Consortium to support all Green Banks with:

- New capital sources to finance projects across the country
- New and proven-products that can be standardized for collective benefits
- Access to best practices, business partnerships, and a community of practice

Every Green Bank can and should be built to leverage the resources of this network – no need to build a siloed institution
Launching a Green Bank is similar to building any new finance business

- Evaluate market to identify investment pipeline
- Engage potential capital providers
- Write a business plan with financial statements
- Raise start-up funds
- Create product concepts to suit target pipeline
- Secure capital for lending
- Build out the team & operation
- Launch the Green Bank!
Government can help in targeted ways

- Evaluate market to identify investment pipeline
- Engage potential capital providers
- Write a business plan with financial statements
- Raise start-up funds
- Create product concepts to suit target pipeline
- Secure capital for lending
- Build out the team & operation
- Launch the Green Bank!

Public sector not required to form or capitalize Green Bank to still have key role
First steps are identifying initial funding, pipeline, and government role

• What sources of funding for Green Bank development are available (public, foundation, other)?
• What are the specific market gaps / investment pipeline for clean energy finance in the state? How will these opportunities be evaluated and refined?
• Once the pipelines has been identified, how will government engage with the Green Bank launch process?