

Framework for a United States National Green Bank

A National Green Bank should be formed, with the purpose of deploying its capital in the U.S. to reduce greenhouse gas (GHG) emissions more rapidly than the current market conditions permit. Its objective function should be to maximize GHG emissions reduction per public dollar. The National Green Bank should have three core attributes:

- It will reduce GHG emissions more quickly than is currently happening in the market;
- It will consider and use the cheapest possible methods to reduce GHG emissions while catalyzing private co-investment; and
- Its activities will be inclusive and beneficial, not harmful to energy consumers.

The National Green Bank will be a federally chartered corporation. It will be capitalized with funds from the federal government. It may also seek to raise capital from foundations and any other private capital provider. It will be governed by board of directors, which will exercise primary oversight and management over the Green Bank.

The National Green Bank will be similar, in some ways, to several existing entities:

- It will be similar to the World Bank, in that federal funds will be used to capitalize a finance entity that is not a part of a federal agency;
- It will be like the CDFI Fund in the Treasury, which provides capital to a network of local lenders; and
- It will be similar to the Ex-Im Bank or OPIC, in that federal funds will be used to catalyze more private investment into certain markets that otherwise lack sufficient capital.

The National Green Bank will *not* have the following qualities:

- It will not be a government agency;
- It will not take deposits; and
- Its investment decisions will not be driven by political influence.

The National Green Bank may use all or some of the following methods:

- It will balance and choose among multiple techniques:
 - Borrow, loan and make equity investments;
 - Finance projects directly, or finance projects by capitalizing a network of officially designated state and local partner Green Banks which finance local projects;
 - Finance clean energy power generation and efficient consumption projects;
 - Finance clean transportation and related infrastructure projects with the goal of maximizing electric vehicle miles travelled rather than the purchase of electric vehicles;
 - Finance climate change mitigation and adaptation projects;
 - Finance the construction of transmission and distributions systems that will accelerate the delivery of renewable power to local utilities;
 - Fund the retirement of coal-fired power plants or the acquisition of coal to prevent extraction;
- In choosing the best techniques, it will consider what is the cheapest and fastest way to reduce carbon emissions while also delivering economic benefits to energy users
- Across all of these techniques, it will finance projects in conjunction with private capital in order to increase the total investment into carbon reduction.

To learn more about the National Green Bank Initiative, please contact Jeffrey Schub, Executive Director of the Coalition for Green Capital, at jeff@coalitionforgreencapital.com.