



coalition for green capital

A Briefing on: The National Climate Bank Act With Rep. Debbie Dingell (D-MI)

*Coalition for Green Capital
Online Webinar, March 24, 2020*

Climate Bank can quickly create jobs where/when possible with public-private investment in clean infrastructure

- National Climate Bank Act capitalizes new non-profit with \$35B to serve as a national “green bank”, drive \$1T of private investment in clean infrastructure
- Creates jobs that are safely done outdoors, has multiplier with private co-investment, and also lowers emissions
- Though full Act will not be in stimulus, any funding for construction of clean energy platform would be a major step toward passing full Climate Bank Act in the near future

Congresswoman Debbie Dingell is lead sponsor of National Climate Bank Act of 2019 in House of Representatives

- Rep. Dingell has represented Michigan's 12th District in Congress since 2015
- Introduced National Climate Bank Act on December 12, 2019, along with co-sponsors Paul Tonko (NY), Lisa Blunt Rochester (DE), and Cindy Axne (IA).
- Legislation fully incorporated into the CLEAN Future Act, a broad climate package prepared by Energy & Commerce Committee Chairman Rep. Frank Pallone

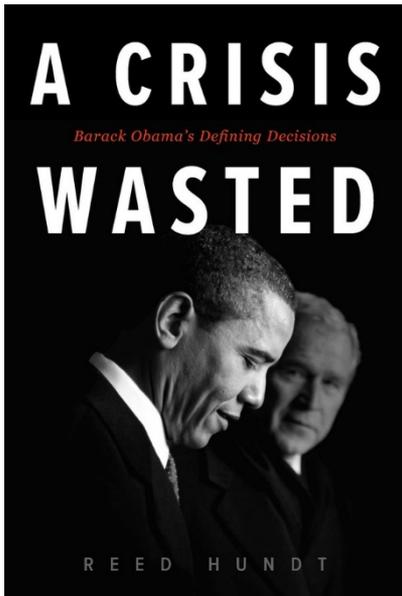


Lessons from '08-'09 - stimulus should prioritize health care and workers; then create jobs in clean infrastructure



Reed Hundt, CEO of CGC, Chairman of FCC ('93-'97) and Chair of Economic Agency Review of Obama Transition

- Address both crises – Lehman bankruptcy = coronavirus, then address the economy
- Spend too much, not too little – won't get a 2nd shot
- America will go back to work, and construction of clean power platform can begin right away because it is safe
- Work will restart at different times in different places, and composition of workforce will be different – public-private investment in clean infrastructure can be place-specific



See recent press coverage for further discussion of applying lessons from 08-09 to today

- LA Times [Op-Ed](#), March 23, 2020
- NYT [Op-Ed](#), March 20, 2020
- Utility Dive [Interview](#), March 17, 2020

National Climate Bank will use public funds to drive private investment to reduce emissions, earn returns, create jobs



- New proven technologies coming to market quickly and **can generate strong returns** for capital
- **But several barriers** – perceived risk, market complexity, scale, novel structures – have produced **low market penetration**
- Climate Bank will **address barriers**, create **enormous markets**, let private **capital flow at scale**

Public investment in clean energy infrastructure has unique multiplier effect – needed now more than ever

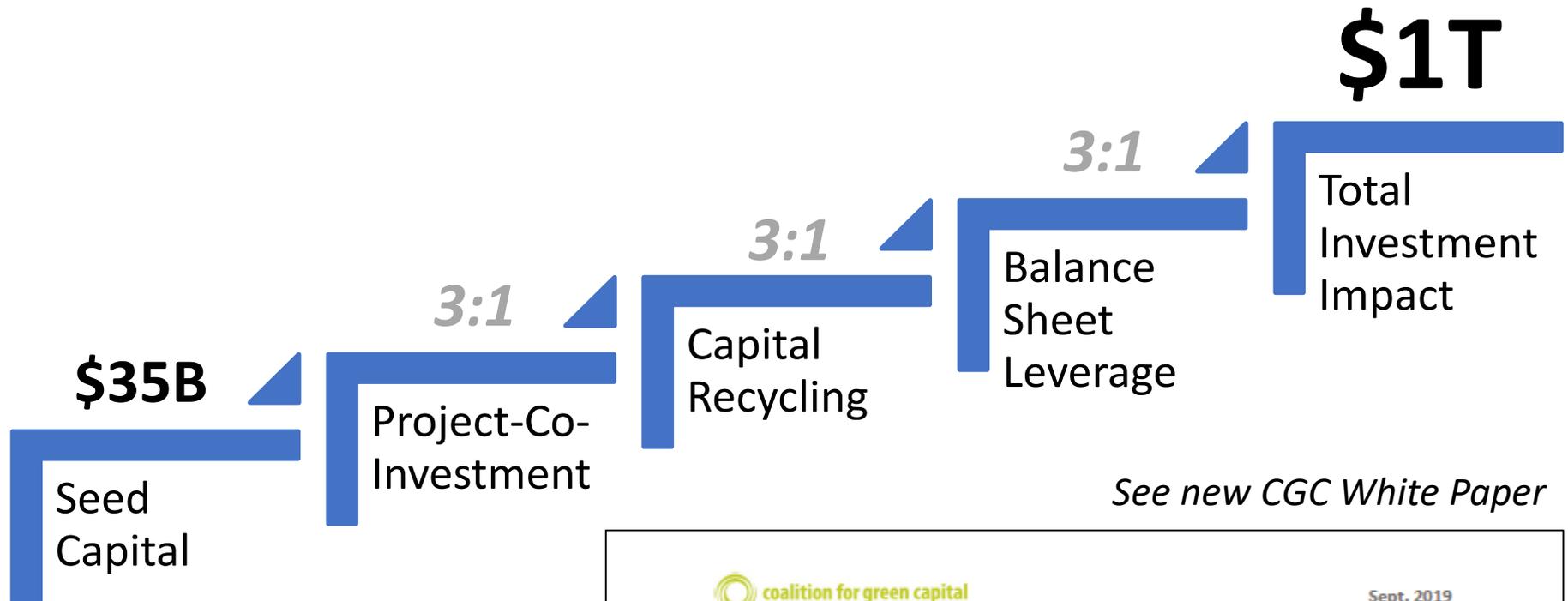
“Increases in public direct investments are the most influential policy tool to increase private [renewable energy technology] investment”

-Mazzucato et al. *Energy Policy* 2020. “Neither crowding in nor out: Public direct investment mobilizing private investment into renewable energy projects.”

National Climate Bank Act creates non-profit to receive public money and co-invest with private sector

- **Newly formed Non-profit Climate Bank is NOT A BANK**
 - Not a regulated, depository institution
 - Non-partisan, non-profit, market-oriented specialized finance company
- **Receives \$35 billion public funds to invest in GHG reduction**
 - Will use funds to catalyze multiples of private co-investment
- **Uses “Green Bank” model to mobilize capital, not compete**
 - Green Banks around the country and world have shown this works
- **Bills in Senate & House, part of CLEAN Future Act in the House**
 - Senate bill S 2057; House bill HR 5416

Climate Bank can turn \$35B of public funds into \$1T of private investment to create jobs and reduce emissions



See new CGC White Paper



Sept. 2019

Mobilizing \$1 Trillion Towards Climate Action

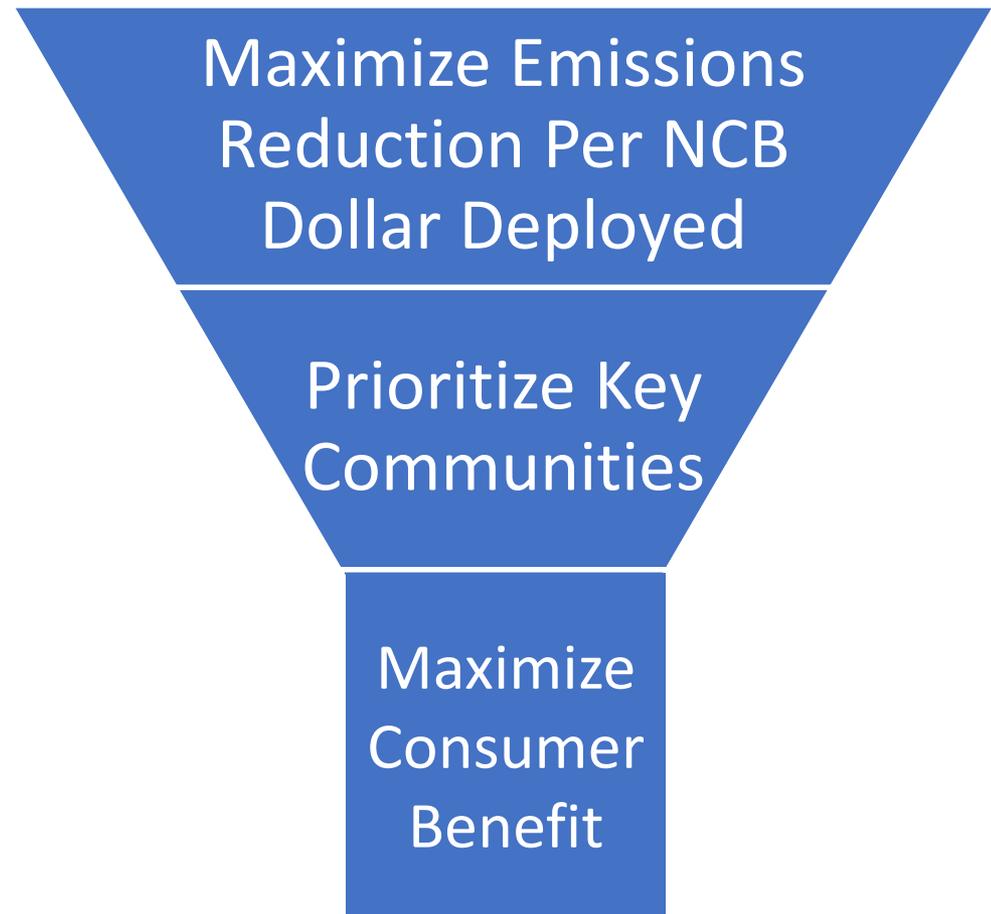
An Analysis of the National Climate Bank

Legislation gives specific guidelines for how projects should be selected within the 7 authorized sectors

7 Authorized Sectors for Investment

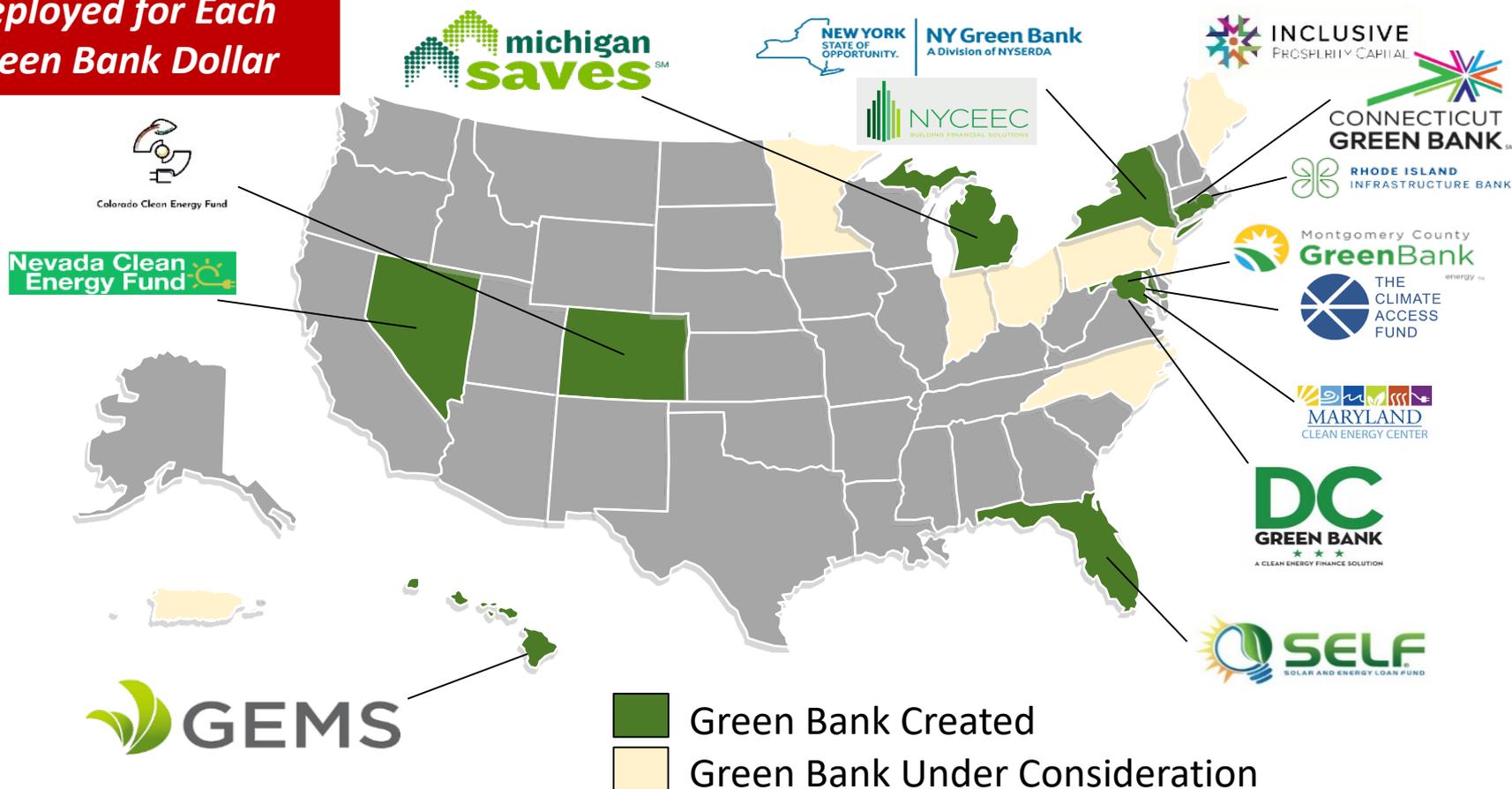
- Grid technology - transmission, distribution, storage
- Agriculture - afforestation, reforestation, regenerative ag, forestry management
- Renewable power
- Building efficiency
- Industrial decarbonization
- Clean Transportation - BEV, PHEV, Hydro cars, other ZEVs and charging infrastructure
- Climate-resilient infrastructure

Guidelines for Project Prioritization



Experience counts! GBs in U.S. have driven \$4B investment; Climate Bank will fund new GBs across the U.S.

**\$3 of Private Capital
Deployed for Each
Green Bank Dollar**



Connecticut Green Bank



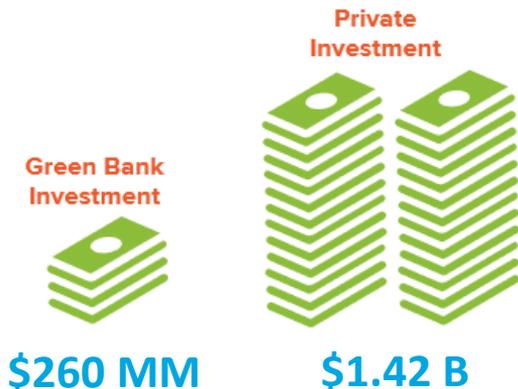
Energizing Connecticut's Green Economy

A world empowered by the renewable energy of community

The Connecticut Green Bank is a quasi-public financing authority with the mission of confronting climate change and providing all of society a healthier and more prosperous future by increasing and accelerating the flow of private capital into markets that energize the green economy.



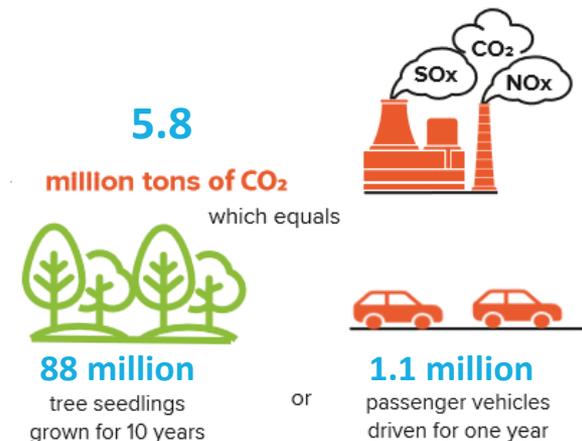
INVESTMENT



ECONOMIC DEVELOPMENT



ENVIRONMENTAL PROTECTION



REFERENCES

Connecticut Green Bank Data Warehouse – July 1, 2011 through June 30, 2019

Federal Stimulus (ARRA)



↑ Investment = ↑ Jobs = ↓ Energy Costs = ↓ GHGs

Market Segment	Residential \$8.25 million in ARRA-SEP Funds
Products Summary	Smart-E Loan CT Solar Loan CT Solar Lease
Support Needed	<ul style="list-style-type: none">▪ Local contractors▪ Federal Funds – credit enhancements (i.e., IRB, LLR)▪ Private Investment – tax equity (e.g., US Bank) and senior debt (e.g., Webster Bank, Key Bank, and local community banks and credit unions)▪ Green Bank - subordinated debt
CT Results	5,272 projects totaling \$129.7 million of investment, leverage ratio of 8:1 private to public funds, 11.8 MW of renewable energy, and 1,700,000 MMBtus of LT energy savings from energy efficiency



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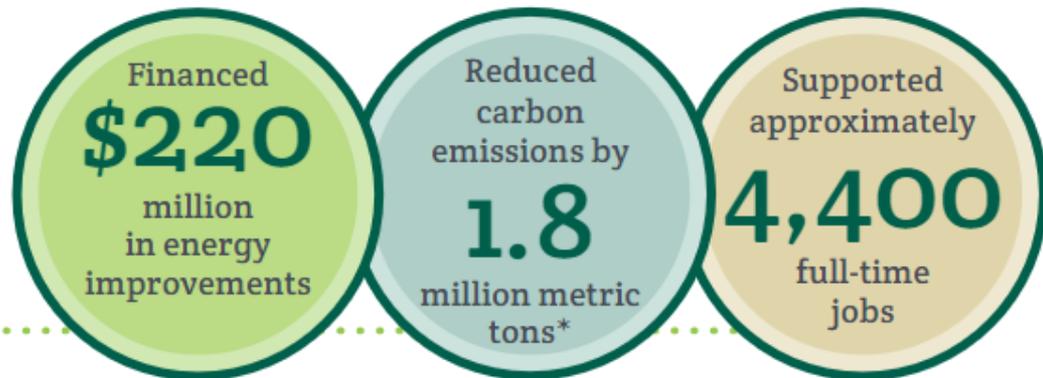
Transforming the State's Energy Landscape



We are Michigan's nonprofit green bank dedicated to making energy improvements easy and affordable.

Our Impact

From September 2010 through October 2019, Michigan Saves has:

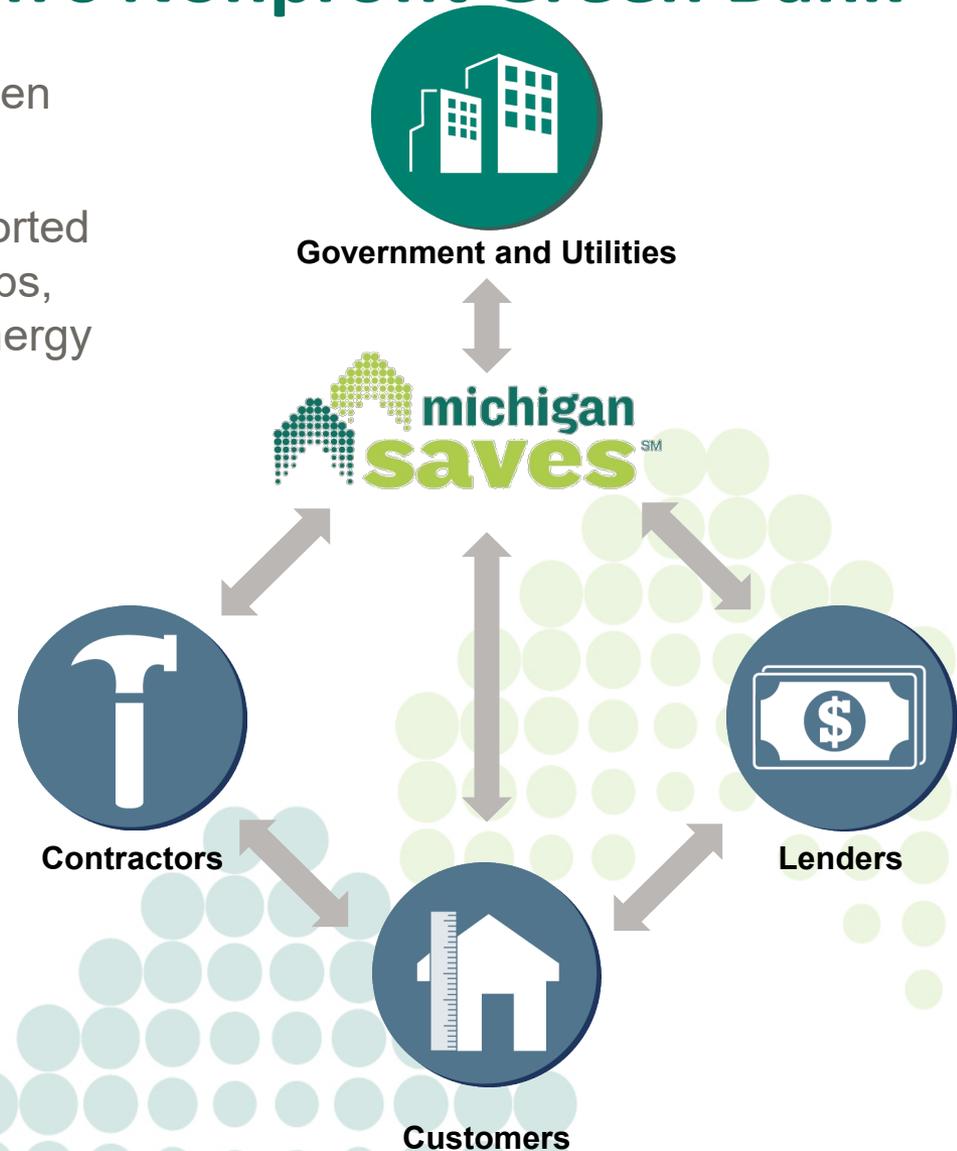


*Calculations based on lifetime energy savings

Every dollar we hold in reserve translates into at least \$30 of private investment, all of which pours back into our state's economy.

Michigan Saves: Michigan's Nonprofit Green Bank

- Nonprofit, public-private partnership green bank
- Created by the state in 2009 and supported with stimulus funds (ARRA) to create jobs, attract private capital and build clean energy market
- Process driven by research and stakeholders
- Loss reserve for lenders
 - Yields better rates and terms that match needs of clean energy market
 - Allows for more expansive underwriting
- Oversight of authorized contractors
- Program guidelines and quality control
- Demand for energy efficiency through outreach and incentives



Why We Must Do More

- A survey of applicants denied by Michigan Saves revealed that 83 percent identified cost as a significant barrier to investing in energy-efficiency improvements, while 72 percent indicated they would not be able to make such improvements without financing.
- Additionally, Michigan's low-to-moderate income (LMI) households spend 9 percent more on their energy costs than the average household. More than 1.4 million residents—or 37 percent—fall under this LMI designation.
- Michigan Saves recognizes this gap and is committed to increasing programs for customers with low incomes who may not qualify for energy-efficiency assistance through their utilities.

With a **\$50 Million** Commitment, We Will:

Leverage
\$1 billion
in private capital

Save **52**
million metric
tons of CO₂

Support
20,000
full-time jobs

Save families and employers
\$1.25 billion
on utilities

What is SELF?



- ❖ SELF is a non-profit **LOAN FUND**, established in St. Lucie County, FL, in 2010, as a part of the American Recovery and Reinvestment Act (ARRA).
- ❖ SELF received a three-year, \$2.94 million **SEED GRANT** from the US Dept. of Energy to create innovative clean energy financing programs. The DOE grant was used primarily for loan capital/loan loss reserve.
- ❖ SELF is a certified (statewide) **COMMUNITY DEVELOPMENT FINANCIAL INSTITUTION (CDFI)**.
- ❖ SELF's "**Green**" CDFI program provides:
 1. AFFORDABLE and INCLUSIVE FINANCING for LMI HOMEOWNERS (focus on low and moderate-income);
 2. Microloans for ENERGY EFFICIENCY, SOLAR, RESILIENCE, and more;
 3. PRUDENT LENDING PRACTICES based on applicants' ABILITY TO PAY rather than credit scores and equity; and,
 4. PROJECT MANAGEMENT and work through 448 pre-screened and approved contractors throughout the state.
- ❖ Special Programs for **Women, Veterans, and Disabled Homeowners**.

Projects and Results

- ❖ SELF financed more than 1,300 sustainable home improvement projects, totaling \$12+ million, with approximately 65% LMI homeowners, 50% seniors, 40% women, and 15% veterans.
- ❖ SELF has raised more than \$20 million in grants and loan capital and currently has 25 investors.
- ❖ SELF's has expanded its lending footprint from St. Lucie County to 90 cities and counties in Florida, and a handful of projects in the Southeastern United States.
- ❖ SELF's lending activities grew by 71% in 2019, and the demand for our products and services continues to exceed our organizational capacity and the availability of low-cost loan capital.
- ❖ SELF currently has 12 staff members and 3 offices, and we are expanding further into Central and Southern Florida. We are hiring a new Clean Energy Loan Officer right now in Orlando.
- ❖ SELF is also scaling and diversifying its programs and lending products to meet the pressing affordable housing needs of LMI communities, and to help achieve organizational self-sufficiency.
- ❖ SELF is also creating an entirely new lending product for multi-family projects that will leverage an additional \$75 million for sustainable, affordable MF housing (new and retrofits) in South FL.

Triple Bottom Line Impacts

- SOCIAL BENEFITS –

Health, Quality of Life, Comfort, Safety, and Peace of Mind.

- ECONOMIC BENEFITS –

Green Jobs, Reduced Operating Costs, Home Equity, and Generational Wealth.

- ENVIRONMENTAL BENEFITS –

Reducing Greenhouse Gas Emissions.



Stimulus funding for building clean energy infrastructure will create jobs now, pathway for full NCB passage later

- Clean infrastructure should be built right away with stimulus funding, paired with private investment.
- We already know this works! Many state GBs were launched with 2009 stimulus funds.
- State and local green banks have shown that \$2B of federal funding will create 700,000 new jobs over time.
- Including any amount of funding in the stimulus paves the road to full Climate Bank formation in 2021, or even later this year

Additional Resources

- [CGC National Climate Bank Materials](#)
- Reed Hundt LA Times [Op-Ed](#), March 23, 2020
- Reed Hundt NYT [Op-Ed](#), March 20, 2020
- Reed Hundt Utility Dive [Interview](#), March 17, 2020
- Jeffrey Schub Reuters [Interview](#), March 24, 2020
- [“Why you should care about the National Climate Bank,”](#) CleanTechnica, January 7, 2020
- [“National Climate Bank initiative could be a boon for solar,”](#) PV Magazine, December 3, 2019

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Thank You

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