



**Coalition for
Green Capital**

**The National Climate Bank:
Creating Jobs Through a Rapid and
Just Clean Energy Transition**

*Coalition for Green Capital
September 2020*

Investing in clean energy & climate infrastructure can address three on-going crises in America

Jobs

Nearly 30M
Collecting
Unemployment –
Most on Record

Climate

Nearly 2 in 3
Americans Want
Government to Act
Aggressively on
Climate Change

Equity

Majority of
Registered Voters
Think American
Society is
Racially Unjust



**Can Address Economic, Climate and Racial Equity Crises At Once
with Transformative Investment**

National Climate Bank, using proven green bank model, is the right tool to catalyze private investment

- National Climate Bank Act introduced Sens. Markey and Van Hollen ([S.2057](#)) and Rep. Debbie Dingell ([H.R.5416](#))
- \$35B deposit from Congress can drive nearly \$500B of private investment in 5 years with private sector leverage
- Green bank techniques mobilize multiple private dollars of investment with each public dollar deployed
- Intervenes where there are market failures in order to overcome barriers
- Capitalizes and works with state/local green banks across US

Authorized Sectors for Investment

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

National Climate Bank (or Clean Energy Jobs Fund) will create 5.4M jobs across the country

: Bounce Back Greener
The Economic Impact
Potential of a Clean
Energy Jobs Fund



Key Results

June 2020

:vivideconomics
putting economics to good use

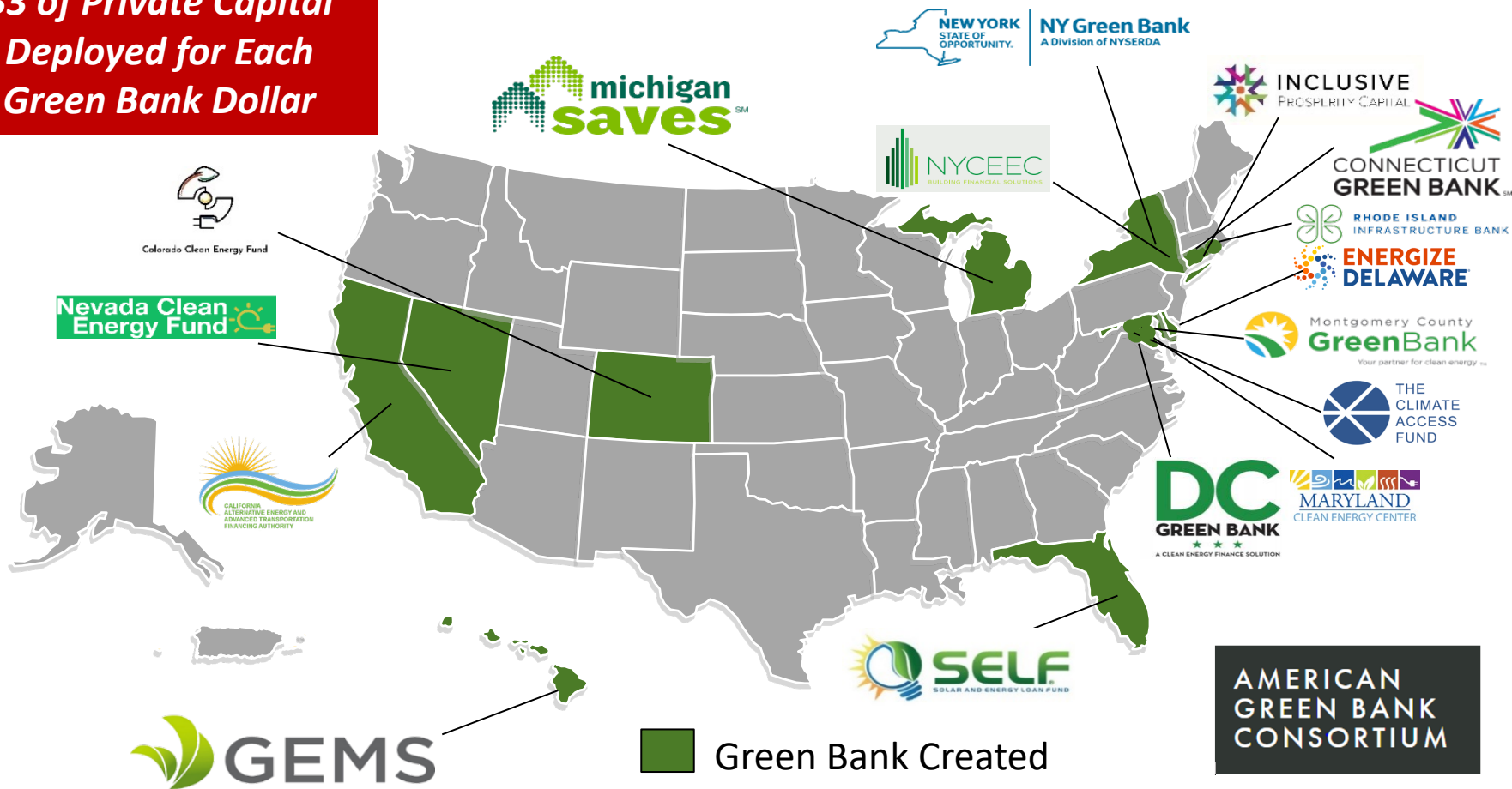
**\$35B of Federal
Appropriations for
Climate Bank**



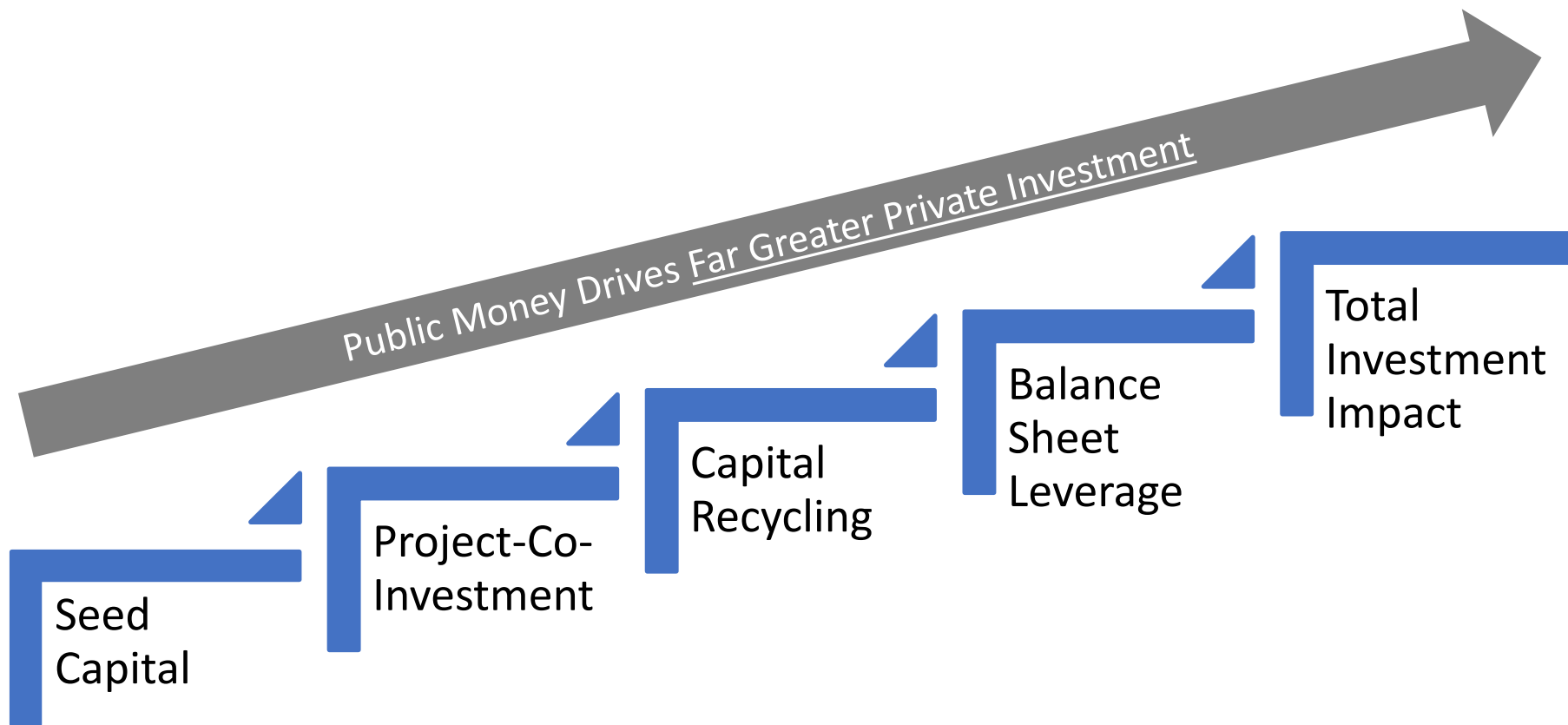
**Create 5.4M jobs years
in 5 years across US**

Based on real track record! \$5B+ investment already from state/local GBs, \$50B+ from GBs globally

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



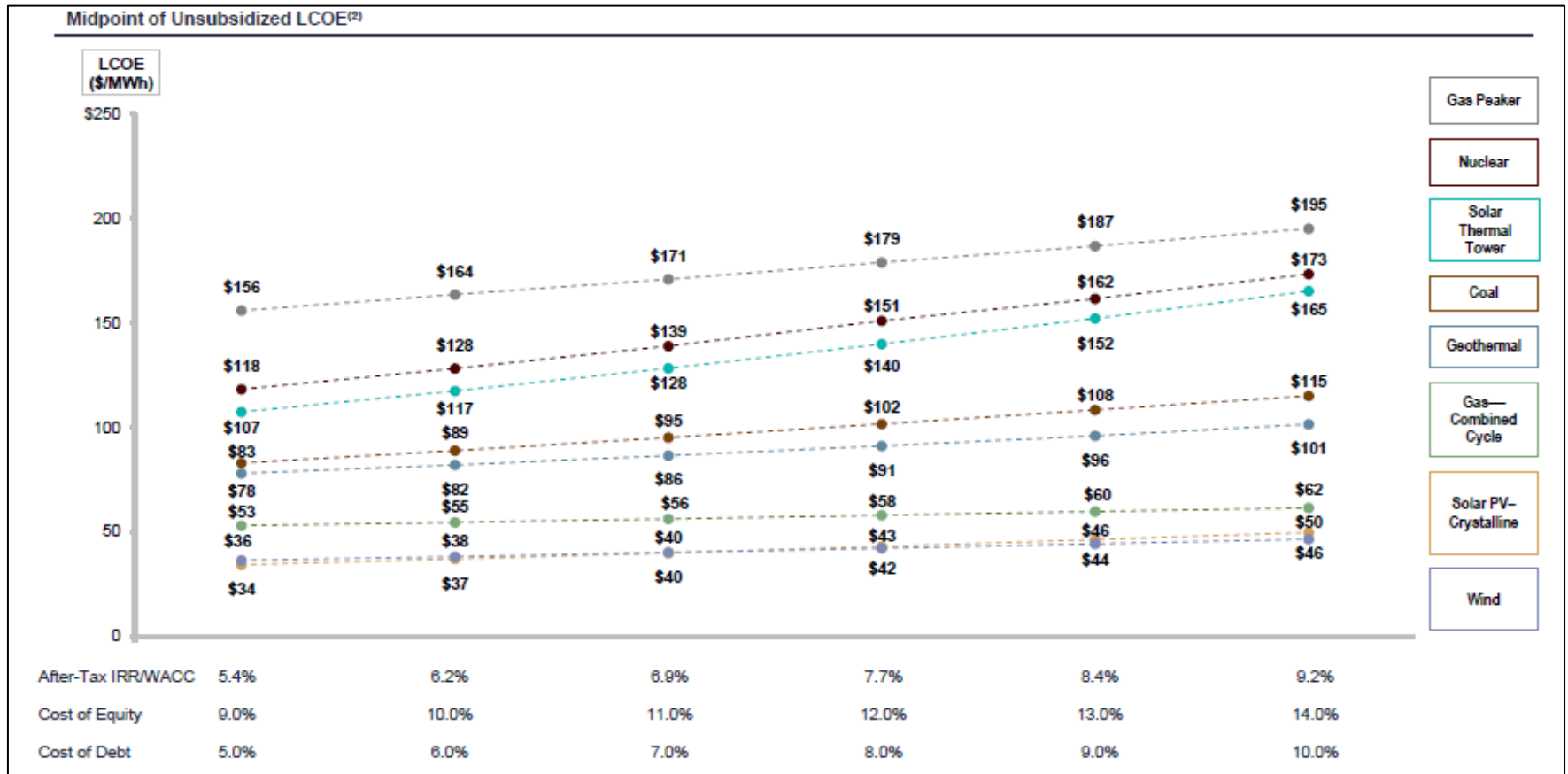
Climate Bank will use known leverage techniques to generate far more investment than initial capitalization



GB experience shows sector and project-specific investment tools are needed

Barrier to Investment	Solution	Examples
Perceived project risk	Credit enhancement	Provide a loan loss reserve to mitigate risk and allow investment to flow at longer term of lower rate
Inefficiencies of scale	Aggregation & warehousing	Aggregate small projects to meet scale to attract private capital
Marginal economics	Investment	Lend to project, in senior or junior position, to improve overall economics for investors and customers
First-of-kind transaction	Technical assistance	Put in technical legwork that comes with closing more labor-intensive, innovative transactions

Can expand market for private investment by improving project economics, deliver savings to Americans



Climate Bank will then use range of tools to support projects through direct and indirect finance

Direct Climate Bank Financing Tools

- Construction Financing
- Term Debt, including
 - Senior-project level debt
 - Mezzanine debt
 - Subordinated debt
 - Backleverage
- Warehouse & Aggregation Facilities
- Credit enhancements
 - Full or partial loan guarantees
 - Loan loss reserves
 - Risk insurance
- Quasi-equity



Indirect Support for Finance

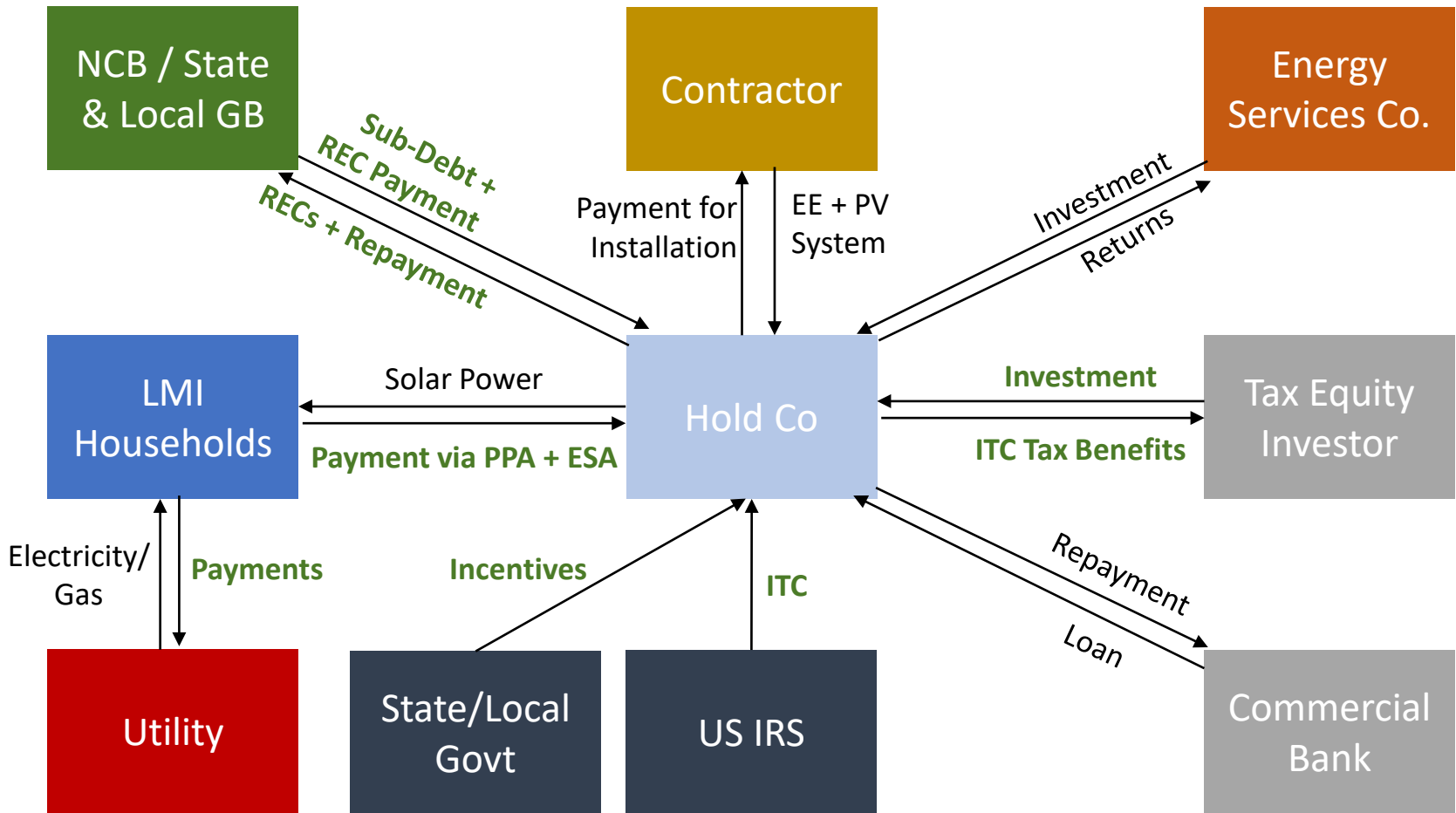
- Technical assistance and start-up funding for new qualifying green banks at state and local level
- Capitalization for state and local green bank financing activity
- Work with developers to build pipelines of projects
- Operate as field catalyst, building know-how, products and expertise

Specific investment “use cases” already in development – will focus where private investment can increase

Example Projects to Be Executed by National Climate Bank with

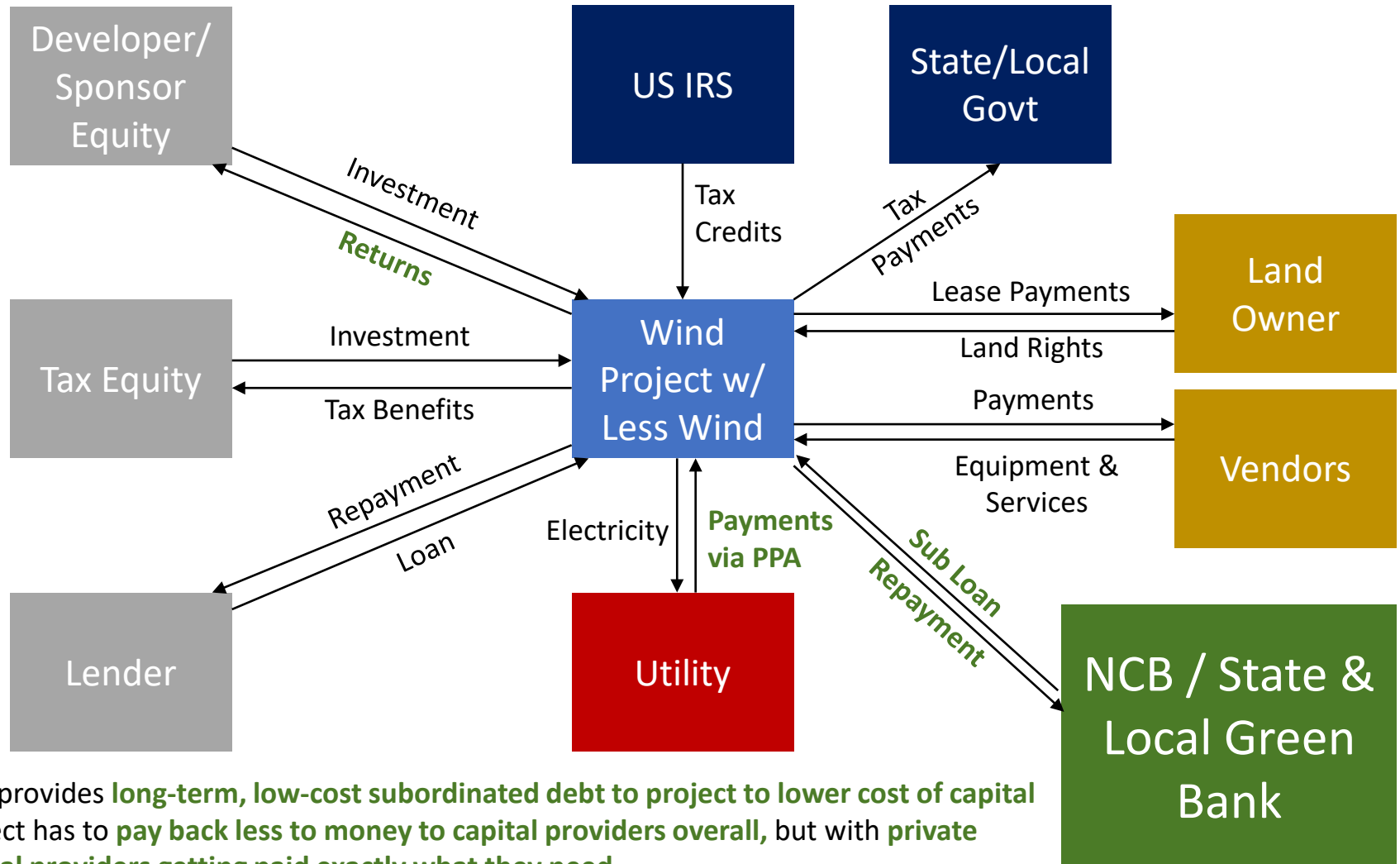
- Financing Home Heating System Electrification
- LMI Homeowner Rooftop Solar Lease + Energy Efficiency Savings Agreement
- Electric Fleet Conversation and Charging-as-a-Service with Financing Support for Savings Performance Contracts
- LMI Resilience + Clean Energy Upgrades to Reduce Home Insurance and Energy Costs and Harden Against Hurricanes
- Accelerating Renewable Replacement of Coal Plants for Rural Co-Ops Bill Relief
- Expanding Utility Scale Wind Markets to Increase Private Investment in Regions with Less Wind
- Interconnection Financing to Accelerate Renewable Project Development and Lower Power Prices

NCB Solution: Subordinated debt, REC purchase, and coordination with specialized partner to deliver integrated lease-based solution



- NCB provides **subordinated debt to mitigate risk to private capital**; also provides **upfront lumpsum payment** to reduce upfront cost in exchange for **lifetime stream of RECs**
- Lease structure allows third-party ownership, **tax equity to absorb ITC and pass savings onto homeowner**
- **Coordination through single partner** means simpler process, less burden on homeowner, utilize all incentives
- **Alternative underwriting** looks at utility bill payment rather than FICO and DTI
- **ESA and PPA financing** structure means installer shares performance risk and **financing not secured by home**
- Net financial impact is monthly repayments are fixed and low, delivering **immediate monthly savings**

NCB Solution: Build more wind projects in less windy locations with subordinated debt to ensure returns to investors and still deliver competitively priced power to utilities



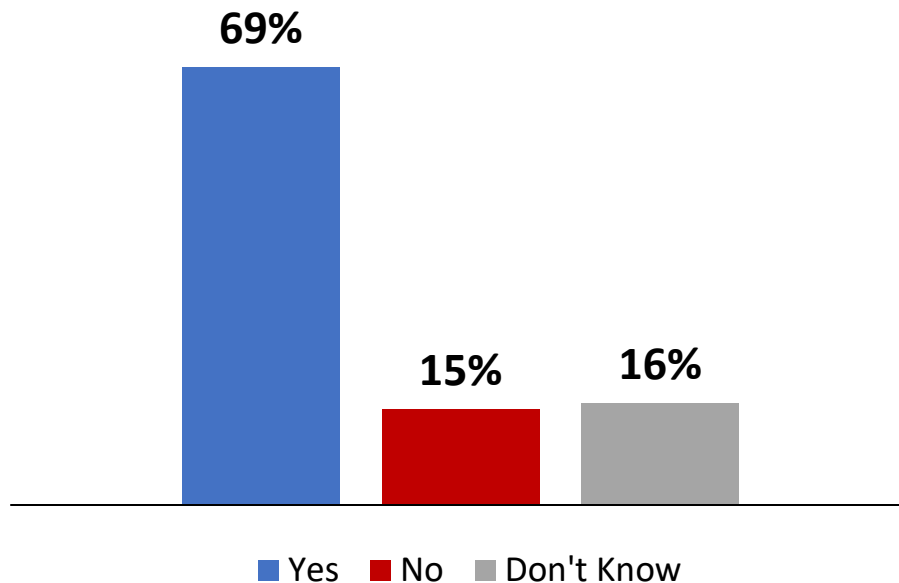
- NCB provides **long-term, low-cost subordinated debt** to project to lower cost of capital
- Project has to **pay back less to money to capital providers overall**, but with **private capital providers getting paid exactly what they need**
- Means project can **sell power at lower PPA price**, and utility will buy it
- **Unlocks all project benefits, investment and economics** – opens new markets

Legislation passed House with \$20B; concept supported by Biden; directly endorsed by Harris; in key climate report

- **Passed the House!** - \$20 Billion to fund the “Clean Energy & Sustainability Accelerator” (based on the NCB Act) included in \$1.5T Moving Forward Act; blueprint for action in 2021.
- **In the Key Report!** – Creation of National Climate Bank included as recommendation of the Select Committee on Climate Crisis
- **In Biden’s Plan!** – *“Develop innovative financing mechanisms that leverage private sector dollars to maximize investment in the clean energy revolution”*
- **Endorsed by Harris!** – Endorsed NCB Act as presidential candidate and co-sponsored senate version of the bill

7-in-10 voters want Congress to start the fund; nearly 100 orgs, including enviro and clean energy leaders, signed on

Should US Government deposit \$35B into nonpartisan nonprofit National Climate Bank to create 5M jobs that keeps electricity costs same or lower?



June 5, 2020

The Honorable Mitch McConnell
Majority Leader of the Senate

The Honorable Nancy Pelosi
Speaker of the House of Representatives

The Honorable Chuck Schumer
Minority Leader of the Senate

The Honorable Kevin McCarthy
Minority Leader of the House of Representatives

United States Senate
Washington, DC 20510

United States House of Representatives
Washington, DC 20515

RE: Group Letter of Support for Clean Energy Jobs Fund

Dear Speaker Pelosi, Leader McConnell, and Minority Leaders Schumer and McCarthy:

We write at this urgent time with recommendations to support your efforts to respond to the unfolding economic crisis. The United States will be battling the health crisis for the foreseeable future and immediate relief is critical. But it is not enough. Today, 4 out of 5 voters nationally want Congress to create new jobs to build clean energy infrastructure. Congress should respond by depositing \$35 billion into the nonprofit, nonpartisan Clean Energy Jobs Fund to create 5 million new jobs.

Over [forty million](#) people so far are out of work because of the coronavirus and ensuing economic shutdown. The shutdown, new consumer habits and changed behavior due to Covid-19 have led to [structural changes](#) in the U.S. economy and its workforce. Millions of Americans in the retail, dining, entertainment, travel sectors, among others, will not be able to quickly return to their old jobs. That means it is essential for Congress to help create new jobs for Americans.

In national [polls](#) 4 out of 5 voters want Congress to invest in new jobs to build clean energy infrastructure, like wind turbines, solar panels, power lines, and EV charging. And 69% say the U.S. government should deposit \$35B in the nonpartisan, nonprofit Clean Energy Jobs Fund to achieve that objective.

The opportunity to build the infrastructure to generate, move, store and use clean and efficient energy is nearly boundless. [Trillions of dollars](#) of investment is needed to build clean energy infrastructure that will put millions back to work, strengthen communities, reduce pollution, improve public health, lower energy costs, and reduce greenhouse gas emissions.

The Clean Energy Jobs Fund (as envisioned by Sens. Markey and Van Hollen ([S.2057](#)) and Rep. Debbie Dingell ([H.R.5416](#)) in the National Climate Bank Act of 2019) is an excellent vehicle for this investment because it will pair each public dollar with multiple private ones to build a range of clean energy projects. This includes renewable power, building efficiency, grid infrastructure like transmission, industrial decarbonization, clean transportation, reforestation and climate-resilient infrastructure. Each public dollar invested will be repaid and preserved by the Fund, which means dollars can be recycled to cause even more private investment in the future.

Notes & Sources: Exact polled question: “Do you think the US government should pass a law that deposits \$35 billion in a nonpartisan nonprofit fund that would create five million new jobs in clean energy? This plan would ensure that consumers pay the same or less for electricity than we pay today. 14 From Coalition for Green Capital Survey Monkey Poll May 4, 2020.



**Coalition for
Green Capital**

Thank You

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