Green Banks and the IRA: How States Can Leverage Funding for Climate Action

October 20th | 2pm ET
Introduction

Kristen Soares

State Climate Policy Network Manager
State Climate Policy Network (SCPN)

- Network of 17,000 policymakers, advocates, business leaders and experts pushing for effective and equitable climate policies in their states
- Host monthly national calls and webinars
- Share updates, research, and analysis on various climate policy topics
How can we help you?

We specialize in state climate policy design and analysis. Reach out to kristen@climate-xchange.org with your questions on:

- **Bill drafting**, analysis, and technical design
- **Gap analysis** of your state’s climate policy landscape
- Best **example states** to follow for a given policy

Or, check our our **State Climate Policy Dashboard**, which tracks state-level climate policy and resources across all 50 states.
Speakers

Henry Litman  
Senior Director,  
Coalition for Green Capital

Bryan Garcia  
President and CEO,  
Connecticut Green Bank

Duanne Andrade  
Chief Strategic and  
Financial Officer,  
Solar Energy Loan Fund
Speaker

Henry Litman

Senior Director, Coalition for Green Capital
Coalition for Green Capital: Creating the National Green Bank

Today: GHG Reduction Fund

Page 657 in the 2022 Inflation Reduction Act
Our Mission

Drive rapid clean energy market penetration and an equitable climate transition through catalytic finance and Green Bank institutions.

Our Work

- Expand & Strengthen the Network of Green Banks & Mission-Driven Institutions
- Do Business as the “American Green Bank Consortium,” the group of all 23 U.S Green Banks
- Meaningfully Embed Climate & Energy Justice and DEI Into Network Activities
- Pursue Capital on Behalf of Network Members to Scale Total Investment
- Support Industry Growth through Awareness and Thought Leadership
GHG Reduction Fund obtains $27B of grant authority

Congress Passes IRA

EPA Receives Authority to Grant

National Green Bank seeks grant of $20B (Other $7B available directly to states)

Hoped-for receipt of EPA grant to seed fund the NGB

Two-tier structure (wholesale/retail) to finance GHG reduction activities
EPA’s GHG reduction fund broken into 3 pots – CGC to apply for Pots 2 and 3

**Fund 1: $7B**
State, municipalities, tribal governments and “eligible nonprofits” to “provide financial and technical assistance to enable low-income and disadvantaged communities to deploy zero-emission technologies”

**Fund 2: $12B**
Eligible nonprofits to use a range of financial tools to invest directly and indirectly in projects that reduce greenhouse gas emissions.

**Fund 3: $8B**
Eligible nonprofits to use a range of financial tools to invest directly and indirectly in projects that reduce greenhouse gas emissions in low-income and disadvantaged communities.
Using EPA grant, National Green Bank will build the rest of the national network

- Recruit existing CDFIs, minority-owned banks, nonprofits, and other mission-aligned finance institutions
- Involve mayors, governors, city councils to create new government-sponsored institutions where appropriate
- Stand up and financially support new institutions led by local actors
- Involve private investors, utilities, contractors to build climate finance ecosystems in every state
Funds to be used by a national green bank for “Direct” & “Indirect” investment in emissions reducing projects

Legislation dictates activities of the national green bank. CGC assembling “big green tent” to build nationwide network of lenders (Green Banks, CDFIs, Credit Unions, Others) to achieve its purpose

**Direct Investment:**

- Provide financial assistance directly to qualified projects
- Prioritize investment in projects that otherwise lack access to financing
- Retain and recycle repayments and other revenue

**Indirect Investment:**

- Provide funding and technical assistance to establish and support state and local finance entities making these same investments

**Qualified Project:**

- Reduces or avoids GHG emissions or other air pollution by leveraging investment from the private sector
  - Or
- Assists communities in efforts to reduce or avoid GHG emissions and other air pollution
Indirect investment can standardize, aggregate, securitize small projects currently lacking good financing options

Several commercial financing gaps are common across states. The National Green Bank can create markets for those projects.

“Sub-PACE” Commercial Solar

Project values: $50K-$1m

LMI Residential Efficiency, Solar, and Electrification

Project values: $6K-$70k

Solar + Storage, Electrification, and Energy Efficiency in Affordable Housing

Project values: $150K-$30m
Green banks have identified many high-impact, nonstandard projects that can unlock far greater investment. These projects need a dedicated source of patient capital. For example:

- **New York** needs to expand its **port system** to serve the growing flow of wind turbines heading out to sea.
- **California** needs to co-locate **geothermal assets** with lithium extraction in the Salton Sea to support the battery industry.
- **Hawaii** needs a massive low-income roof replacement program before it can hit its 100% residential solar target.
- **DC, Maryland, and Virginia** share jurisdiction over a public bus fleet with no agreement on who’s in charge of electrification and who will pay.
Green banks consistently point to four categories of National Green Bank offerings that would lead to big increases in nationwide green investment.

1. Operating **grants** to expand administrative capacity
2. Low cost, long-term **debt facilities**
3. Access to “**equity-like instruments**”
4. Collective access to **secondary markets**

Experience identifies four key needs for National Green Bank to grow the movement.
Over 10 years, national green bank can achieve substantial leverage on public grant

**Leverage Mechanism**

**Network members** “crowd-in” private investment in projects; historically green banks have done this at a 3:1 ratio

Over a ten year period, **NGB aggregates and securitizes asset-backed financing products** to recycle investments as many as three times over ten years

**NGB provides capital to network partners who are depository institutions** that can leverage that capital at approximately 3:1 ratio
American Green Bank Consortium has driven $9b of green investment – scale and leverage consistently growing

American Green Bank Consortium Investment by Year
($, in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Green Bank Investment</th>
<th>Private Co-investment</th>
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<tbody>
<tr>
<td>2011</td>
<td>5.77</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>55.10</td>
<td></td>
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<tr>
<td>2013</td>
<td>163.76</td>
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<tr>
<td>2014</td>
<td>289.08</td>
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<tr>
<td>2015</td>
<td>708.83</td>
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<td>2016</td>
<td>1,306.86</td>
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<tr>
<td>2017</td>
<td>586.15</td>
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<td>2018</td>
<td>669.01</td>
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<td>2019</td>
<td>1,482.24</td>
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<tr>
<td>2020</td>
<td>1,685.41</td>
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<tr>
<td>2021</td>
<td>1,963.51</td>
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Contact us

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Senior Director: Henry Litman, henry@coalitionforgreencapital.com

Executive Director & COO: Eli Hopson, eli@coalitionforgreencapital.com

Learn more at https://coalitionforgreencapital.com/

Follow us @CGreenCapital
Green Banks and the IRA
How States Can Leverage Funding for Climate Action

October 20, 2022
Climate X Change
Our mission is to confront climate change by increasing and accelerating investment into Connecticut’s green economy to create more resilient, healthier, and equitable communities.

Guiding this mission is our vision for “...a planet protected by the love of humanity.”
The Green Bank is helping Connecticut flourish by offering green solutions for homes and buildings and by creating innovative ways to invest in the green energy economy.

**Home solutions**
Empowering all Connecticut families and households with accessible and affordable green solutions that bring them comfort and security. Find incentives for battery storage or use the Green Bank's flexible financing to reduce costs with health and safety improvements and the newest energy efficient technologies.

**Investment solutions**
Securing a healthier planet with smart ways for individuals and businesses to invest in green solutions — and our future — while also earning a return. Energize the green economy by investing in it today. Buy a Green Liberty Bond, invest through a crowdfunding offering, or join the movement by finding other ways to invest.

**Building solutions**
Creating stronger, more resilient buildings with green solutions for all types of buildings — from businesses and nonprofits to multifamily housing. Leverage Green Bank financing to go solar or retrofit your building with efficiency and resiliency measures, while saving money and realizing the benefits of more modern, sustainable buildings.

**Community solutions**
Helping Connecticut thrive and creating stronger towns and cities by offering green solutions for all. From solutions for local and state government properties, to providing support for community leaders in outreach to local businesses and community members — especially the most vulnerable — helping them to access green energy and achieve a more prosperous future.

**Our goals**
- Leverage limited public resources to scale-up and mobilize private capital investment in the green economy of Connecticut.
- Strengthen Connecticut’s communities, especially vulnerable communities, by making the benefits of the green economy inclusive and accessible to all individuals, families, and businesses.
- Pursue investment strategies that advance market transformation in green investing while supporting the organization’s financial sustainability goals.
**Solar (and Efficiency) for All**

**Investment in PosiGen**

<table>
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<tr>
<th><strong>Market Segment</strong></th>
<th><strong>Residential Single Family LMI (Co-Investment)</strong></th>
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<tbody>
<tr>
<td><strong>Product Summary</strong></td>
<td>Solar lease + energy efficiency package (fixed 20 years) to reduce energy burden with alternative underwrite/no credit score using community-based marketing approach</td>
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<th><strong>Support Needed</strong></th>
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<tr>
<td>▪ Good solar economics including tiered LMI incentive</td>
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<td>▪ Municipal, community and nonprofit introductions</td>
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<td>▪ Subordinated debt capital – if available, but not required</td>
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<th><strong>CT Results</strong></th>
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<td>4,546 leases for $128.1 MM investment, 30.3 MW solar PV, HES, and 66% weatherization – eliminates energy burden</td>
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**REFERENCES**

Comprehensive Annual Financial Report FY 2022
Incentive Maze
Simplify State and Federal Policy to Reach the Cheese
Green Bank Model
Inflation Reduction – Increase Resilience

BEFORE

Electricity from the Grid
($0.25/kWh)

Savings
($0.11/kWh)

Solar PV
Lease Price
($0.14/kWh)

AFTER

Savings
($0.7/kWh)

Storage Price
($0.04/kWh)

Shrink this…
Stay tuned…
Connecticut Green Bank

Vision Statement

…a planet protected by the love of humanity

REFERENCES
Speaker

Duanne Andrade

Chief Strategic and Financial Officer,
Solar Energy Loan Fund
Solar and Energy Loan Fund, Inc.

Financing Resilient, Healthy & Affordable Housing for a Sustainable Future

Serving:
Florida, Alabama, Georgia, South Carolina
History and Context

• SELF is the only independent non-profit; non-regulated, *CDFI "Green Bank" in the Southeast.

• SELF was created in 2010 with a $2.97 million seed grant from the U.S. Department of Energy which sought to pilot innovative clean energy financing models across the nation.

• To date SELF has deployed $30 million in direct loans for over 2,600 projects, leveraging over $90 million in public/private investments.

SELF’s Triple Bottom Line Impact Model seeks to advance Social, Economic and Environmental Justice through providing access to flexible and innovative capital for climate resilient, energy efficient and clean energy, projects, with a focus on disadvantaged and LMI communities.

*Community Financial Institution

*SELF is a Founding Member of the American Green Bank Consortium
Mission

To rebuild and empower underserved communities by providing access to affordable and innovative financing for sustainable property improvements, including: energy efficiency; renewable energy; storm mitigation; water quality and disability and aging in place home adaptations, and more.
SELF is committed to creating Safe, Healthy, and Environmentally-friendly affordable housing to ensure long term sustainability through access to fair and equitable capital.

SELF Offers Loan Programs for:

**Homeowners**: Unsecured loans for upgrades to single-family and small multifamily properties.

**Landlords**: Unsecured Energy Efficiency and Resiliency Rehab Loans for Affordable Rental & workforce housing

**Developers**: Predevelopment and Gap Funding for Green Affordable Housing New Construction and Rehabs

**Contractors**: Working Capital loans through Partnership with NDC-CDFI.
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<th>Solar Products</th>
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<td>Sewer and Water</td>
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<tr>
<td>Storm Resilience</td>
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<tr>
<td>Roofing</td>
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<tr>
<td>Weatherization and Insulation</td>
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<tr>
<td>Lighting</td>
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<tr>
<td>Health and Safety</td>
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<tr>
<td>Disability Products</td>
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<tr>
<td>Air Conditioning</td>
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What Does SELF Finance?
Public- Private Partnerships

• SELF partners with local governments, housing authorities and non-profits to help create and preserve resilient, energy efficient, affordable housing.

• SELF is an implementation tool for climate equity and resiliency goals.

• SELF customizes programs with local government and community partners to fit needs.

• SELF leverages local government resources and raises blended impact capital to deploy in local communities.
Primary Innovations in Green Financing

• Unsecured “consumer” sustainable home improvement Loans for homeowners (single family) based on ability to repay NOT credit scores
  • Special low-cost programs for women, US veterans, elderly, and households with disabled members.
  • Access to pre-vetted contractor network
  • Project Management & Technical support

• Multifamily Rehab Loans for landlords of rental properties. “SEER (Sustainable Energy, Efficiency & Resiliency) unsecured loans for investments that reduce energy burdens and increase safety for low-income tenants.

• Affordable Housing Gap Financing for Predevelopment and New Construction- “SAGE Homes” offers Flexible “Green” gap financing options for small to mid-size BIPOC, women and minority developers.

• Solar for Climate Resilience - Piloting the first emergency response rooftop solar project on a public housing building in Miami Dade County.

• Septic to sewer on-bill payment loan program in partnership with Martin County Utility.
Examples of Innovative Loan Programs
Climate Resilience

Pamela Turner: U.S. Veteran; Single Mother
<500 Credit Score
Roof Loan
Impacts: Health, Safety, Quality of Life
SEER LOAN - Loans for Landlords of low-income rentals

SEER Loan for Landlords

Unsecured loans to help landlords make energy efficiency upgrades on affordable housing rental units.

SEER (Sustainable, Energy Efficient Rental) loans help reduce the utilities costs for low-to-moderate income residents, make homes healthier with better air quality, and stabilize communities with lower tenant turnover.

Teaming up with Atlanta Housing to expand access to energy efficiency improvements
SAGE HOMES
SELF Housing and Community Impact Fund
Flexible Unsecured Gap funding for “Green” Affordable Housing projects.

Multifamily, Non-profit and Community Energy Improvement Loans

Up to 20% financing for New Construction or NOAH rehab projects
Water Quality and Environmental Preservation Financing

Martin County Septic to Sewer Loan

Sign up for Martin County Utilities (MCU) Septic-to-Sewer (S2S) Conversion Program today and receive an automatic $1000 discount and the option to apply for a fixed 10 year, $85/month payment plan through SELF!
Solar Emergency Response and Resiliency Project

- Developed, Implemented and Funded by SELF and Leon Lowenstein Foundation
- Leverage by Miami Dade Cty PHDC
- Includes:
  - Solar Ready Roof
  - Rooftop Solar PV + Battery Storage
$30 Million deployed in unsecured loans for >2,600 projects
Leverage >$90 million in capital

7,000+ residents benefitted from healthier, affordable, resilient homes

77% clients benefitted from credit rebuilding
Average credit scores:
50% < 640
27% < 600

<2% default rate
Establishing credit worthiness LMI markets
(Avg. default rate < 2%)

Financial inclusion
74% LMI clients
54% women
14% veterans
52% seniors
49% fixed income

Carbon reduction and energy savings
• 25% average savings on energy bills.
• 1,700 metric tons of CO2 avoided;
193,408 gallons of gasoline saved.

Jobs
Over 29,000 job hours created

www.SolarEnergyLoanFund.org
SELF's CAPITAL STACK

- Faith-Based Organizations: 10%
- Global Crowdfunding (KIVA): 5%
- National Health System: 3%
- Bank CRA & EQ2 Investment: 28%
- Private Impact Investors & Philanthropy: 38%
- Fed Government (CDFI/DOE): 16%
- IRA- ??: ?

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www.SolarEnergyLoanFund.org
## Key Provisions Impacting LMI and Disadvantaged Communities

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<th>Office</th>
<th>Total</th>
<th>Description</th>
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| DOE    | $8.9B | - Up to $14,000 in upfront discounts for electrification and efficiency projects  
- Rebates for energy efficiency and electrification upgrades in LMI single-family and multi-family buildings with more than 50% LMI occupants |
| EPA    | $39B  | - Green Bank funding: $27B for non-profit financing institutions. Roughly 1/3rd of Green Bank funding for LMI and disadvantaged communities  
- Grants for community-based nonprofits to pursue climate justice  
- Funding to reduce air pollution at schools, ports, and from diesel emissions |
| HUD    | $1B   | - Direct loans for affordable housing projects implementing: resource efficiency, low-emission technologies, climate resilience |
| BIA    | $422M | - Tribal electrification, home retrofits, and climate resilience |
| FHA    | $3B   | - Roughly 1/3rd of funding for LMI and disadvantaged communities to remediate pollution and improve walkability, safety, and affordable transportation access |
| USDA   | $11.7B| - Financial assistance for rural electric cooperatives and small businesses to afford renewable energy and energy efficiency improvements |
| IRS    | Tax Credits | - Tax credits for single-family, manufactured, and multi-family homes meeting efficiency standards ($2,500 for EPA's Energy Star; $5,000 for DOE's Zero Energy Ready Homes)  
- Tax credits for clean energy generation and storage in low-income communities |
IRA Opportunities for Nonprofit “Green” Lenders:

• Deploying IRA funds from the GHGRF and other IRA “buckets” in disadvantaged communities with maximum flexibility –designing customized programs per geographic policy landscape and community needs.
• Participation Loans with Green Banks and other Intermediaries such as CDFI’s and Credit Unions serving disadvantaged communities.
• Financing cost “gaps” of carbon-reducing improvements not covered by tax incentives or rebates.
• Capturing direct pay; aggregating tax credits and rebates to reduce costs for LMI clients and increase inclusion in clean energy economy.
• Unlocking benefits of IRA for LMI populations.
  • For example: providing upfront financing for a roof repair to enable access to $14K in efficiency and electrification discounts.
• Bridging tax credits and rebates for carbon reduction and resiliency in IRA
• Innovating a direct-pay workaround for moderate-income homeowners to capture tax credit incentives
• Using local networks, community credibility to address the IRA knowledge gap
• Helping grow businesses by Informing contractors of business potential and IRA-funded incentives
IMPACT STORIES

Client Testimonials
Health and Quality of Life Loans

• Sylvia’s child has cerebral palsy and epilepsy and is prone to seizures during hot summer months. Having a functional air conditioner not only lowered her electric bills, but it greatly improved her family’s health and quality of life. Sylvia described the SELF program as “a blessing.”

-Sylvia Thompson
Mark Stanhope
U.S. Post Master Solar Loan

• "It's almost like you have to be rich to have solar but SELF makes it so everyone can have solar"

Impacts: Reduced Carbon Footprint; Long term savings
Kim Zeches – Leaking Roof. Climate Resilience and Quality of Life Loan

Recognitions

- Achievement Award for local energy programs from the National Association of Counties (NACo) - 2012
- “Green Business of the Year” award from the South Florida Chapter of the U.S. Green Building Council – 2013
- Identified by the Opportunity Finance Network as “1 of 5 trailblazing CDFIs in America” – 2015
- “Exceptional Non-Profit in Innovation” award from 211/TC – 2015
- Highlighted in the White House report on “Innovative Financing for Clean Energy Technologies” – December 2015
- Identified by U.S. DOE staff as a “shining legacy of the Better Buildings Neighborhood Program” and featured in their national newsletter of the Better Buildings Network – 2017
- “Non-Profit of the Year” finalist 211/Treasure Coast – 2017
- Sustany Foundation “Sustainable Business Award” – 2019
- Commendation Award from Hillsborough County Commission – 2020
- JPMC Pro-Neighborhoods grantee - 2019
- Guidestar Gold Seal of Excellence of Transparency – 2020
- Leon Lowenstein Foundation grant recipient 2020
- Citi Foundation Community Progress Makers award - 2021
THANK YOU!

Maria Duanne Andrade : Chief Strategic and Financial Officer
Solar and Energy Loan Fund (SELF)
duannea@solarenergyloanfund.org
Q&A
Thank you for joining!

Reach out to kristen@climate-xchange.org with any additional questions!