



coalition for green capital

Introduction to Green Banks

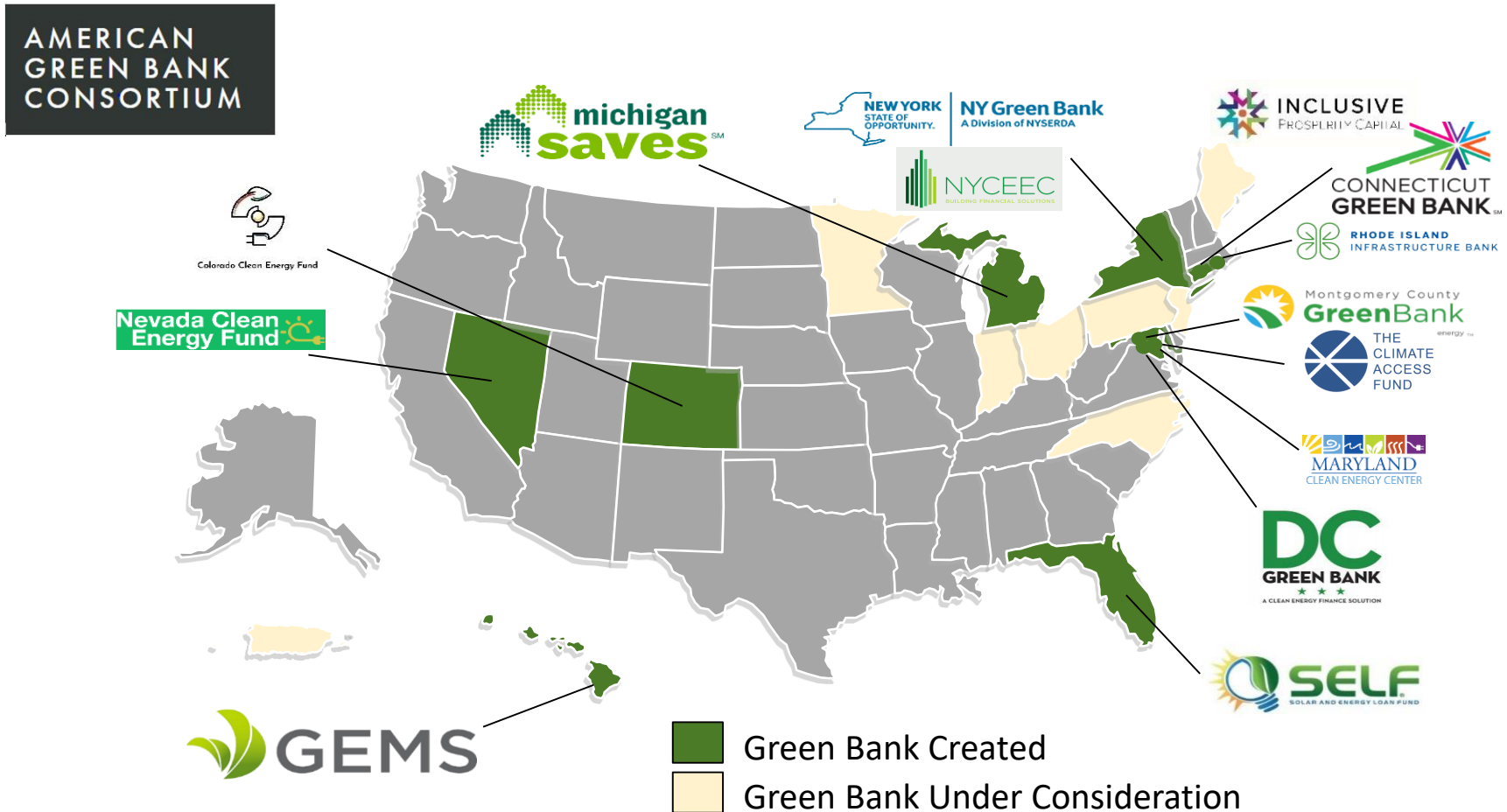
Local Energy Solutions Conference

November 15, 2019

What is a green bank?

Green banks are mission-driven institutions that use innovative financing to accelerate the transition to clean energy and fight climate change.

Today, green banks are diverse in geographic scope, organizational form, and market areas.



How can a green bank help?

Barrier to Investment	Green Bank Solution	Examples
Perceived project risk	Credit enhancement	Provide a loan loss reserve can 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
First-of-kind transaction	Technical assistance	Put in technical legwork that comes with closing more labor-intensive innovative transactions
Marginal economics	Co-investment	Lend to project, in senior or junior position, to improve overall economics for investors and customers

Nonprofit green bank model is gaining popularity.

- Faster time to formation.
- Ability to draw on a range of capital sources.
- Provides options for ongoing role for public sector participation.

Example Nonprofit Green Banks:



Colorado Clean Energy Fund



Within this overall framework, there are many opportunities for different design choices

- **Market focus:** Some Green Banks focus on a single product, some on a range.
- **Leverage:** Some Green Banks focus on maximizing investment by mobilizing private capital, others focus on first-in-kind transactions that prove a concept.
- **Capital sources:** Some Green Banks use public capital, some private, and some a blend.
- **Measuring success:** All Green Banks reduce GHGs, but success can be measured solely on GHG reductions or can take other metrics into account.
- **Form:** Some are public, some quasi-public, and some are nonprofit.

Local needs—stakeholder priorities, energy economics, funding sources, and more—drive these choices

Momentum is growing at the federal level as well.

Principles:

To be **fair to all consumers**, keep electricity prices the same or lower with clean energy

To be **just to all communities**, prioritize investment in low-income communities, rural communities, and communities of color

To decarbonize as quickly as possible, **leverage private capital** with public and mission-driven investment

116TH CONGRESS
1ST SESSION

S. 2057

To establish a National Climate Bank.

IN THE SENATE OF THE UNITED STATES

JULY 8, 2019

Mr. MARKEY (for himself, Mr. VAN HOLLEN, Mr. SCHATZ, and Mr. BLUMENTHAL) introduced the following bill; which was read twice and referred to the Committee on Environment and Public Works

A BILL

To establish a National Climate Bank.

National Climate Bank or green bank concept also supported by presidential candidates



Thank you!

Local Energy Solutions Conference

November 15, 2019