

GREEN BANK NETWORK

GBN Bulletin - Oct 2021

As the world continues to face the ongoing effects of the Covid pandemic, Green Banks across the globe have been highly successful in closing a robust level of transactions that drive climate transformation in the context of economic recovery.

Based on their successes catalyzing new investment flows into core sectors, several members of the Green Bank Network are now expanding mandates into aligned sectors including projects in disadvantaged communities, energy storage, and several infrastructure sectors such as water, recycling, resiliency and conservation. For example, the New York Green Bank [launched an RFP to deploy over \\$150 million into LMI housing electrification by 2025](#) while Australia's Clean Energy Finance Corporation announced the financing of its [first project in the production of sustainable proteins and meat-alternatives](#). In Connecticut, [Public Law 21-115](#) expands the scope of the Connecticut Green Bank beyond clean energy to adaptation and resilience-related projects, with an emphasis on prioritizing financing for frontline communities.

Interest in developing new Green Banks continues to grow, with a focus on Africa where the African Development Bank has embedded Green Banks as one of the core pillars of their African Adaptation Acceleration Program (AAP) to support the goal of increasing adaptation finance from USD 12.5 billion to USD 25 billion by 2025. And as climate legislation moves forward in the US, a Clean Energy and Sustainability Accelerator to support the rapid development green banks across the country continues to be a core feature of the US plan to combat climate change.

CGC and NRDC



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Recent Green Bank Transactions

Clean Energy Finance Corporation

The CEFC has released its 2020-21 Annual Report and embarked on its tenth year, pursuing its mission to accelerate investment into Australia's transition to net zero emissions.



The Annual Report describes a financial year of landmark investments driving decarbonisation in difficult to abate sectors, while countering the headwinds of the pandemic and associated economic disruption.

Commitments during 2020-21 demonstrated a breadth of focus with new investments in agriculture, cleantech innovation, hydrogen, infrastructure, property and waste management.

Performance highlights included the first major transmission investment for the CEFC as well as its first hydrogen-related transaction and investment in a green bond linked to Australia's first forward-looking climate index.

Repayments since the CEFC began investing were almost \$2.5 billion and this capital is available for CEFC reinvestment. At 30 June, investments in renewable energy technologies represented 55.9 per cent of the CEFC on-risk portfolio. Each dollar of CEFC capital committed in 2020-21 attracted an additional \$2.68 in private sector finance.

View the Annual Report [here](#)

In other CEFC news, the [Responsible Investment Association Australasia](#) has produced a landmark annual study that names the CEFC as a Responsible Investment Leader, recognising its commitment to responsible investment and its attributes as an investment manager and leader.

The latest CEFC investments are further deepening its reach across the economy, with recent transactions including an \$87 million cornerstone equity commitment to a [specialist disability accommodation platform](#), a \$5 million commitment in seed funding to Sydney-based [All G Foods](#) which specialises in alternative protein products and a \$50 million cornerstone commitment to the [Transforming Farming Platform](#), which targets the regeneration of underperforming small to medium farms while lowering their carbon intensity and improving sequestration.

The CEFC has played a leading role in accelerating the early development of the large-scale solar industry in Australia and the integration of utility-scale renewable energy generation in the electricity grid. Three new reports, led by the Australian Renewable Energy Agency, provide industry insights into these projects. The Generator Operations Series discusses [large-scale solar operations](#) in Australia; [ramp rates](#) for generators and [market pricing and bidding behaviour](#).

And finally, the CEFC has developed an [Investment Insight](#) summarising the work of its Clean Energy Innovation Fund, Australia's largest dedicated cleantech investor.

See the latest transactions and announcements on the [CEFC website](#).

(*All CEFC \$ references are AUD)

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In July, the Connecticut Green Bank [marked its 10-year anniversary](#). Over the last decade, the Green Bank and its partners have deployed nearly \$2.3 billion in capital for clean energy projects across the state. Projects recorded through FY 2020 show that for every \$1 of public funds committed by the Green Bank that



nearly an additional \$8 in private investment occurred in the economy. As a result, Green Bank supported projects have created thousands of jobs in Connecticut communities, reduced the energy burden on thousands of families and businesses, avoided millions of tons of greenhouse gas emissions, and facilitated rapid growth in the deployment of clean energy.

In July, the Connecticut Green Bank announced the first two recipients of donated domestic solar hot water equipment distributed through its request for proposals. Connecticut Technical Education and Career System (CTECS) in Hartford and the Dan Cosgrove Animal Shelter in Branford will both receive systems to generate domestic hot water and will be responsible for providing all expenses associated with the installation and commissioning of the systems. The Green Bank has released an [updated RFP](#) seeking applications from other organizations that could benefit from the remaining solar hot water systems available for donation.

See all of Connecticut Green Bank's latest transactions and announcements on the [Connecticut Green Bank website](#).

NY Green Bank

In August, [NYGB closed its first private capital raise](#), the largest ever conducted by a green bank in the United States. The \$314 million transaction was completed



Andrew Kessler, Acting President, NY Green Bank, said, “NY Green Bank is proud to have built a portfolio that is attractive to private sector capital providers. This transaction demonstrates that we have achieved our goal of increasing private sector activity in clean energy markets and leverages that progress to fuel our focus on new areas where market transformation is still needed. This is a natural step in NY Green Bank’s continued evolution and will allow us to advance our goal to put as much capital as possible to work in disadvantaged communities and other priority areas in the coming years.”

This capital raise will allow NY Green Bank to reinvest capital into new projects at a faster rate by making this additional financing available to more projects. Additionally, NY Green Bank’s ability to raise such a significant amount of private capital provides third party validation of the quality of its transaction portfolio and demonstrates the strong and growing appetite among private sector investors to gain more exposure to the types of investment opportunities NY Green Bank has originated.

The announcement expands upon NY Green Bank’s mission to work in collaboration with the private sector to increase investments into New York’s clean energy markets, where NY Green Bank has made cumulative overall investments of \$1.6 billion as of June 2021.

In April 2021 [NYGB committed \\$104.4 MM to a construction-to-term facility](#) to finance the development, ownership and operation of three distributed energy resources (“DER”), solar paired with storage projects in New York State. These transactions are expected to provide NYS residents and businesses a greater variety of energy choices and, ultimately, lower-cost clean energy opportunities.

In April 2021, [NYGB provided an up to \\$82.7 million senior secured construction-to-term loan facility](#) to subsidiaries of Generate Capital Inc. Loan proceeds will finance construction for community distributed generation (“CDG”) fuel cell projects in New York State. The projects supported by this transaction are expected to provide NYS residents and businesses with lower-cost energy options.

In April 2021, [NYGB committed \\$25.0 MM to a construction loan](#) to finance the construction of Wildflower Farms, a 65-room, energy efficient hotel in Gardiner, NY. NYGB will be supporting the project alongside CleanFund Commercial PACE Capital, Inc., marking its first investment alongside a C-PACE capital

energy efficient new construction property.

In June 2021, [NYGB committed \\$14.9 MM to a construction-to-term facility](#) to finance the construction of up to 12.5 megawatts (“MW”) of CDG solar projects in NYS with Energy Impact Partners and NextEnergy Capital. This transaction is expected to provide NYS residents and businesses a greater variety of energy choices and, ultimately, lower-cost clean energy.

In June 2021, [NYGB provided an additional \\$57.0 million to a back-leveraged credit facility](#) sponsored by Generate Capital Inc. to finance the acquisition of 20 CDG solar and solar-plus-storage projects in NYS. These transactions are expected to provide NYS residents and businesses a greater variety of energy choices and, ultimately, access to lower-cost clean energy.

In June 2021, [NYGB committed an additional \\$20.0 million to increase the size of its credit facility](#) with BQ Energy. This is an expansion of NYGB’s investment in solar development capital as part of its ongoing efforts to participate in sustainable infrastructure investments in support of Clean Energy Fund objectives. The \$30.0 million financing (which includes \$10.0 million from a previous NYGB commitment) facility is expected to support the deployment of up to 29 MW of photovoltaic solar in NYS, providing residents and businesses with a greater variety of energy choices and, ultimately, lower-cost clean energy options.

See all of NYGB’s latest transactions and announcements on the [NYGB website](#).

New Zealand Green Investment Finance

New Zealand Green Investment Finance (NZGIF) was established by the New Zealand government in 2019 to accelerate investment that reduces carbon emissions and is the country’s first dedicated green investment bank*. NZGIF has been active financing projects in New Zealand to enable the country’s low carbon future.

Since last quarter, NZGIF has continued to grow as a company, developing a diverse portfolio of investments that reflect its mission and vision. After a capital

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and setting its sights on loftier goals.

A turning point for NZGIF happened in May 2021 when it **increased its capital base** by an [additional \\$300 million](#), bringing its total pool of investment capital to \$400 million. NZGIF CEO Craig Weise spoke to the NZ Herald about the effect of the shareholder commitment, commenting that "We will be more effective immediately. The larger institutions we work with will know that a bigger balance sheet means we can do more and play a role helping them to achieve goals that might take longer or require more capital."



NZGIF has **increased capacity** by hiring to effectively double staff numbers, boosting its capability. It is currently focusing on actively seeking out large, impactful transactions that demonstrate to the market the possibilities for green investment.

As well as the investment capital boost, NZGIF announced to the market an **expanded sector focus**, adding waste and plastics to its existing target sectors (transport, process heat, distributed renewable energy, the built environment and agriculture). This broadening focus has opened up new opportunities, and the team has been researching the waste and plastics sectors seeking out investable opportunities.

NZGIF's \$10 million investment in solar services company **solarZero**, announced in April, marked its first step into the distributed energy generation sector. NZGIF deployed an innovative subordinated debt facility designed to complement an existing warehouse facility set up by major commercial bank Westpac. NZGIF's investment has been used to accelerate the development of the solarZero technology platform that supports the integration of renewable, distributed energy resources into the power system.

The solarZero investment was significant. It provides a clear example of how NZGIF can work directly with the banking sector to deliver benefits to their customers, as well as low carbon outcomes. The relationship is proving fruitful in accelerating solarZero's growth; more exciting announcements and

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In August, Wellington port **CentrePort** announced the successful deployment of 100% electric truck and trailer units and hosted shareholding ministers on the port to watch the trucks in action. NZGIF supported this transition with a [\\$15 million financing facility](#) in 2020. Not only will the replacement of diesel vehicles with electric reduce 8% of the port's emissions annually, but they have become a tangible demonstration of the value that decarbonisation projects can generate.

As part of its co-investment mandate, NZGIF has been actively working on the development of a **financial product** that will attract large scale investors to invest alongside it on low carbon projects. Such a product will be a first for New Zealand. The team hopes to take it to market in the next quarter.

With a healthy pipeline of opportunities and more announcements expected in the latter part of the year, it is an exciting time for NZGIF.

See all of NZGIF's latest transactions and announcements on the [NZGIF website](#).

*NZGIF is not a registered bank.

Rhode Island Infrastructure Bank

Rhode Island Infrastructure Bank (RIIB) continues to accelerate infrastructure investments across the state including clean energy, water, transportation, and climate resiliency projects that support local communities.

In June, [RIIB approved a \\$400,000 loan](#) for the Coventry Fire District to purchase and install energy efficient light emitting diode (LED) streetlights.

The loan, which was made through RIIB's Efficient Buildings Fund, will allow the Coventry Fire District to install over 900 new energy efficient streetlights



In June, [RIIB approved a \\$400,000 loan](#) to finance environmental remediation work as part of the larger Nexus Lofts redevelopment project in Pawtucket. The loan, which was made through RIIB's Brownfields Redevelopment Fund, will support the redevelopment of 27 affordable market-rate apartments with ground floor office and/or retail.

In August, RIIB announced that it would offer \$127.965 million in bonds from its State Revolving Fund Refunding Revenue Bonds via a negotiated sale. This refinancing saved the participating borrowers \$6.4 million, provided in the form of upfront cash payments. "We were able to take advantage of the current low interest rate environment and favorable bond market conditions to refinance outstanding bonds and significantly lower our costs, generating savings for our municipal and quasi-public clients, whose loans were originally funded with these bonds," said Jeffrey R. Diehl, Executive Director and CEO of the Bank. "We are pleased to be returning these savings directly to 27 cities, towns, and quasi-public utilities across Rhode Island. Savings that can be reinvested in other clean or drinking water infrastructure projects."

See all of the RIIB's latest transactions and announcements on the [Rhode Island Infrastructure Bank website](#).

Green Bank Growth

The following selection of recent activities around the globe highlight efforts to develop and launch green banks and catalytic green finance institutions.

United States:

In September, the U.S. House of Representatives [included funding for a federal green bank](#), or Clean Energy and Sustainability Accelerator, in its version of the proposed budget reconciliation legislative package currently under debate. This push in Congress builds on support from the White House. President Biden's [American Job's Plan](#), released in March, specifically called for the Clean Energy and Sustainability Accelerator as a key part of the administration's plan

create the national green bank. And [10 governors](#) and over [150 mayors](#) have done the same. As it stands, the proposed policy would be the largest clean energy environmental justice investment ever enacted, with 40% of the expected \$20 billion in funds going to disadvantaged communities. The final legislation is expected to be passed and signed into law within weeks.

United Kingdom:

In September, the UK appointed a full-time CEO to its UK Infrastructure Bank. John Flint, former CEO of HSBC, will take the helm of the £12 billion (\$16.5 billion) organization tasked with accelerating investment, cutting emissions and driving investment in rural communities. The fund [launched in June, 2021](#). Details on the UK Infrastructure Bank were released in a [policy document](#) earlier this year, which made clear the institution's mandate of crowding-in private capital with a range of financial tools, and its core objective to help the country meet its net-zero targets while supporting regional growth.

Green Banks at COP26:

Several sessions are being planned for COP26 in Glasgow featuring the work and success of existing Green Banks and momentum towards establishing new climate finance facilities on the green bank model in developing countries. The African Development Bank will host a session featuring their recently issued report (in coordination with the Climate Investment Funds and prepared by the Coalition for Green Capital) on the role of Green Banks and National Climate Change Funds in mobilizing finance to support low-carbon, climate resilient investment in Africa. The AfDB's session will showcase how Green Banks have been embedded within the core pillars of their African Adaptation Acceleration Program (AAP) to support the goal of increasing adaptation finance from USD 12.5 billion to USD 25 billion by 2025. This session will also feature several countries currently engaged in pursuing Green Bank projects.

The Green Bank Network will also host an event in coordination with the Green Bank Design Platform, the Inter-American Development Bank (IDB), and the Latin American Association of Development Financing Institutions (ALIDE). This two panel event will highlight the role that climate finance facilities on the Green Bank model can play in mobilizing investment as required to achieve countries' Nationally Determined Contributions. The event will showcase progress by jurisdictions in developed and emerging markets pioneering domestic institutional innovation in climate finance. It will highlight lessons

other climate finance providers achieve their deployment and mobilization targets.

Reports and Whitepapers

Indian Renewable Open Access Landscape report

In June, Tata Cleantech Capital Limited released its [Indian Renewable Open Access Landscape report](#). The report outlines the key states which are estimated to lead the growth in the Indian Renewable Open Access space over the next 1-2 years, and provides a landscape of the developers and debt financing ecosystem. Go-Green initiatives led by corporates, coupled with increasing cost competitiveness, have accelerated the shift of Open Access projects towards renewable energy. Although the business model continues to evolve, regulatory certainty remains a key determinant of growth owing to the unpredictability of banking rules, CSS and AS.



CEFC 2020-21 Annual Report

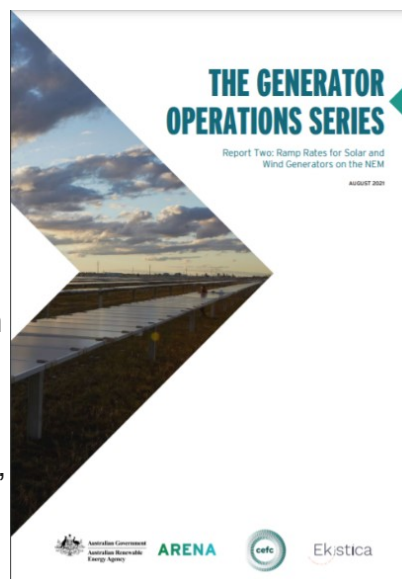
In October, CEFC released its [2020-21 annual report](#). New commitments for the year totalled \$1.37 billion (AUD). Lifetime investment commitments reached \$9.5 billion for a total transaction value of \$32.8 billion. Repayments since the CEFC began investing were almost \$2.5 billion and this capital is available for CEFC reinvestment. At 30 June, investments in renewable energy technologies represented 55.9 per cent of the CEFC on-risk portfolio. Each dollar of CEFC capital committed in 2020-21 attracted an additional \$2.68 in private sector finance.



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Generator Operations Series Report Two

The CEFC, in partnership with ARENA, released the second report in its Generator Operations Series titled [Report Two: Ramp Rates for Solar and Wind Generators on the NEM](#). The study focuses on Understanding how quickly solar and wind farms can “ramp” their generation up or down in response to variable weather conditions and is designed to inform the understanding of how a high penetration renewables grid can best operate, and the requirements for storage or backup generation to account for intra-day weather variability.



CT Green Bank 2021 Webinar Series

Connecticut Green Bank continues its 2021 webinar series, Promoting the Renewable Energy of Community. Recordings of recent webinars can be found on the [2021 Webinar series webpage](#). Recent webinar topics include Energy Trends and Transformations; Environmental Finance (featuring guest speaker Jeffrey R. Diehl, CEO of Rhode Island Infrastructure Bank); Financial Innovation and Energy Affordability; and History of Environmental Justice in America and the Frontlines of Climate Justice Today in Connecticut.



See more white papers covering the green bank model on the GBN website's [Knowledge Center](#).

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