

GREEN BANK NETWORK

GBN Bulletin- March 2019



2019 is off to a strong start in the Green Bank world, with exciting new transactions from GBN members, and a first-of-its-kind Design Summit taking place this month.

The [Green Bank Design Summit](#) will be held 18-19 March in Paris, France. Hosted by Agence Française de Développement (AFD), with support from the Green Climate Fund, ClimateWorks Foundation, and many other organizations ([details below](#)), the invitation only, two-day workshop will focus on country-driven approaches to designing and setting up Green Banks and catalytic green finance institutions. With representatives from over 20 emerging market countries participants, the highly participatory event will feature opportunities for learning and country-driven action plans.



New Green Banks and similar institutions are also launching in OECD countries. [New Zealand's Green Investment Finance Ltd](#) was officially launched in late 2018, and [Norway's Nysno](#) was recently launched and has already closed its first two transactions. Both institutions were created as part of their countries' response to meet commitments under the Paris climate accord. In the United States, the [American Green Bank Consortium](#) was recently launched to support state-level Green Bank formation across the country as US states work to reduce their emissions.

New white papers have also been released, including resources on [Program Related Investments with Green Banks](#) from CGC, [Green Banks and energy efficiency in affordable housing](#) from NRDC, and new academic research examining [state investment banks, and green banks in particular](#), and their role in catalyzing private investments.

Happy reading,

GBN Team (CGC and NRDC)



Table of Contents:

[1. Greetings](#)

[2. Recent GBN Member Transactions](#)

[3. Green Bank Events](#)

[4. Reports and White Papers](#)

Recent GBN Member Transactions

Clean Energy Finance Corporation

In December of 2018, CEFC welcomed publication of an independent statutory review of the CEFC. [The review](#), conducted by Deloitte Touche Tohmatsu, found that the CEFC has facilitated the flows of finance into the clean energy sector, with CEFC's investments [successfully enabling projects that would not have otherwise proceeded, attracting substantial private co-investment to projects](#).



On 28 February 2019, CEFC announced, in an Australian-first, a new transaction with Cbus Property targeting [industry leading energy efficiency standards for the A\\$1 billion Collins Arch mixed use development](#), ensuring the building will be a landmark in urban sustainability.

Located in Melbourne, Australia, the development will include 184 residential apartments, 50,000 square metres of premium office space across 24 levels, a 294 room 5-star W Hotel and a 1,000 square metre retail area.

Drawing on A\$100 million in CEFC term finance, Collins Arch will feature a range of industry leading clean energy technologies, including high-efficiency air conditioning, energy efficient façade fabric insulation, built in real-time energy monitoring and the capacity for residential electric vehicle charging. The integrated approach is expected to deliver a minimum 20-25 percent improvement on the development's carbon footprint.

On 8 March 2019 CEFC congratulated Avertas Energy on [starting construction of Australia's first large-scale thermal energy from waste facility](#), being built at Kwinana in Western Australia.

The CEFC has committed up to A\$90 million to the innovative project, which will generate clean energy by processing around 400,000 tonnes per year of household 'red bin' and commercial and industrial residual waste.

CEFC Bioenergy Lead Mac Irvine said: "This is a major investment in cleaner energy and better waste management for Western Australia, using proven technology to address the twin challenges of waste diversion from landfill and carbon emissions while at the same time recovering energy. We see this energy from waste investment as an exciting model that can be used Australia-wide, benefiting local communities as well as the environment. We congratulate all those involved in bringing this landmark WA project an important step closer to delivery."

See all latest transactions and media releases on [CEFC website](#).

Connecticut Green Bank

The Connecticut Green Bank continues its commitment to growing clean energy investment, with a focus on solar, energy efficiency, hydro and other technologies.

On 4 March 2019, it was announced that Connecticut

Green Bank and Inclusive Prosperity Capital teamed up to arrange [\\$46 million in construction and term loan financing for FuelCell Energy](#). A financing facility with Fifth Third Bank will provide the construction financing. The proceeds will be used by FuelCell Energy to finance the construction, installation and commissioning of the fuel cell power plant being built at the U.S. Navy Submarine Base located in Groton, Connecticut. In conjunction with this



loan closing, FuelCell Energy also obtained commitment letters for \$23 million of 15-year term financing to be funded upon completion of construction, subject to negotiation and execution of definitive agreements, lender due diligence, and customary closing conditions. This financing will be provided by a consortium of banks, including a \$5 million subordinated tranche from Connecticut Green Bank. Connecticut Green Bank and Inclusive Prosperity Capital, a spinout and strategic partner of the Green Bank, were engaged to source the construction and permanent financing for this project. Separately, Connecticut Green Bank and Inclusive Prosperity Capital secured \$31 million in financing commitments for FuelCell Energy to acquire the existing 14.9 megawatt fuel cell park in Bridgeport, CT, from Dominion Energy. FuelCell Energy developed, constructed and commissioned the Bridgeport fuel cell park in December of 2013. The commitments include a \$6 million subordinated tranche from Connecticut Green Bank. A March close is anticipated.

On 23 January 2019, PosiGen, the nation's leading provider of renewable energy and efficiency solutions for low-to-moderate income households, [announced a credit facility structured and provided by LibreMax Capital in conjunction with the Connecticut Green Bank and Inclusive Prosperity Capital](#), a new not-for-profit clean energy investment fund sparked by the Connecticut Green Bank. The three-year, \$90 million credit facility will allow PosiGen to continue to lease solar systems and provide energy efficiency upgrades to low-to-moderate income homeowners in Louisiana, Connecticut, New York and New Jersey. It also enables the company to expand its footprint into additional markets and states. To date, 13,000 homeowners across the country are already enjoying lower utility bills and the benefits of clean energy thanks to PosiGen solar panels and energy efficiency upgrades. This new credit facility will nearly double that number of homeowner access over the next three years.

In December 2018, CT Green Bank arranged and closed on \$55.6 million in funding for the Small Business Energy Advantage (SBEA) program operated by two investor-owned utilities in the state. The innovative facility, which provides 100% financing for SBEA program loans, is instrumental in expanding capital availability for this long-standing energy efficiency program. The facility include a \$5.6 million subordinated tranche from Connecticut Green Bank.

Read more about Connecticut Green Bank's latest transactions and developments [here](#).

NY Green Bank

NY Green Bank continues its commitment to growing clean energy investment, evidenced through its recent announcement that as of 31 December 2018, NYGB has an Active Pipeline of potential investments proceeding to close is \$574 million and total commitments of \$637.6 million. NYGB investments support clean energy projects across New York State with a total project cost of between [\\$1.51 and \\$1.75 billion in aggregate](#).

In the quarter ended December 31, 2018, NYGB closed three transactions, respectively sponsored by Delaware River Solar, Cypress Creek Renewables, and BQ Energy. Each transaction, as part of NYGB's portfolio, contributes to the primary Clean Energy Fund (CEF) outcomes of GHG emissions reductions, customer bill savings, energy efficiency, clean energy generation and mobilization of private sector capital. In turn, the CEF objectives support the New York State's aggressive clean energy targets, including under New York's Green New Deal which mandates a significant increase in the State's Clean Energy Standard with a goal of 70% energy generation from renewable sources by 2030 and carbon-free electricity by 2040.

One recent NYGB transaction is with BQ Energy, a Wappingers Falls, New York-based renewable energy project developer specializing in landfill and brownfield site redevelopment. NYGB's [\\$12.5 million construction loan enables BQ Energy to construct an 8.9 MW ground-mounted solar farm on a brownfield site in Lackawanna, NY](#). CIR Electric Construction Corporation will construct the Project under a standardized balance of system contract utilizing top-tier panels, inverters, and racking systems. The project will generate revenue by selling clean power (or, more specifically, the value of clean power evidenced by net metering credits) to Canisius College.

NYGB's participation in the project – and in similar past and future developments included in the proposed portfolio arrangement – helps to expand financing opportunities for smaller (i.e., less than 10 MW) solar systems by fostering standardization in underwriting (which is the process a lender uses to assess the creditworthiness or risk of a potential borrower) including a streamlined, uniform approach to integrating contractors, structuring contracts, and utilizing standardized equipment.

Read more about NYGB's latest transactions and developments in its [latest quarterly report](#).

Green Investment Group

The Green Investment Group (GIG), a specialist in green infrastructure investment, project development and portfolio management owned by Macquarie Group Limited (Macquarie), has announced new transactions, continuing its global leadership in green investment and dedication to supporting the growth of the global green economy.

On 18 December 2019, Green Investment Group (GIG) and Covanta, the world's leading energy-from-waste (EfW) owner and operator, [announced financial close on the acquisition of a 50 per cent stake in the Earls Gate Energy Centre](#). The project is a 21.5 MWe EfW facility located in Grangemouth, Scotland. A combined heat and power project, the project will prevent 216,000 tonnes of mixed household, commercial and industrial waste from entering landfill per annum. Instead, the waste will be converted into 79GWh of green electricity and 81GWh of heat in the form of steam each year. Working closely with co-investor and developer Brockwell Energy who own the remaining 50 per cent stake, the facility will become a direct source of reliable, green, low-cost energy for local businesses. Chemical manufacturer and site service provider, CalaChem, has entered into a long-term Energy Supply Agreement (ESA) for the offtake of electricity and steam produced by the project. The steam will be used in the manufacturing processes of CalaChem and others on site. The ESA is expected to decarbonise CalaChem's annual energy consumption by approximately 39kt CO₂e per year.

On 17 January, UK Climate Investments (UKCI) [announced a planned R500 million \(£28 million\) cornerstone investment in a dedicated African renewable energy yieldco, Revego Africa Energy Limited](#). Managed by a newly incorporated majority black-owned fund manager, the investment vehicle will seek to acquire equity in operational renewable energy projects across sub-Saharan Africa. In a region where energy poverty is a major inhibitor of economic development, the investment vehicle aims to accelerate the installation of new clean generation capacity by helping developers to unlock and recycle capital in established green energy projects.

With an intention to seek a listing on the Johannesburg Stock Exchange in the first half of 2019, the investment vehicle aims to demonstrate the investment potential of the region's renewable energy sector. The targeted initial listing size of the investment vehicle is approximately R2 billion. The new vehicle is expected to generate significant interest from the institutional investment. UKCI is a joint venture between the Green Investment Group and the UK Government's Department for Business, Energy and Industrial Strategy, which aims to help the world's developing economies tackle climate change and promote cleaner, greener growth.

Green Bank Events

Green Bank Design Summit

The [Green Bank Design Summit](#) is an invitation-only, first-of-its-kind event for those working to design and set up green finance institutions to catalyze low-carbon and climate resilient investments in emerging markets. It will launch country-driven, ongoing collaboration to accelerate Green Banks in emerging markets.

The Summit will be a hands-on convening focused on exploring how to design and operate green banks.

The Summit is hosted by Agence Française de Développement (AFD), with support from the Green Climate Fund, ClimateWorks Foundation, European Climate Foundation and the Lewy Foundation. The event is organized by the Rocky Mountain Institute, Coalition for Green Capital, Natural Resources Defense Council, Inter-American Development Bank, E3G, Climate Finance Advisors, Stanley Foundation and the Climate Policy Initiative.

Green Banks are not only a tool to drive national low-carbon investment but also transform the entire financial system. To achieve these aims, the Summit will bring together over 100 senior representatives from emerging market governments and public finance institutions; private banks active in infrastructure finance; existing Green Banks; multilateral and bilateral finance institutions; and expert organizations with technical skills relevant to Green Bank formation and operation.



Reports and Whitepapers

Program Related Investments: Alternative Sources of Green Bank Investment Capital in the United States

CGC has written a new paper on [Alternative Sources of Green Bank Investment Capital in the United States](#). Green Banks have traditionally used public sector capital to leverage increased private sector investment. The collective capital formation driven by that intersection has been impressive, but the pace of climate change is driving the need to expand the investment capital for Green Banks in the United States. Impact capital represents a natural, “third leg” of the capital stool for driving greater climate investments at Green Banks in the US.

The emergence of impact investing by philanthropic foundations, in particular their use of Program Related Investments (PRI), is proving fertile ground for expanding the pool of capital to a host of socially-oriented endeavors. This paper uncovers evidence that these green shoots of investment are starting to take hold within Green Bank activities. Drawing on conversations with foundations and selected case studies of existing Green Bank PRIs among Green Bank Network (GBN) members and similar entities in the US, this paper aims to highlight potential practices and financial structures that can catalyze greater climate-related investment through Green Banks



Capacity, Cognizance, Confidence, and Capital: How Green Banks Are Driving Energy Efficiency Improvements in Affordable Housing

Building new affordable housing and preserving the affordability of the existing stock is a significant and growing challenge across the

world. A new issue brief by NRDC, [Capacity, Cognizance, Confidence, and Capital: How Green Banks Are Driving Energy Efficiency Improvements in Affordable Housing](#), explores how green banks are helping meet the global need for safe, healthy, and affordable housing by supporting energy efficiency in housing properties.

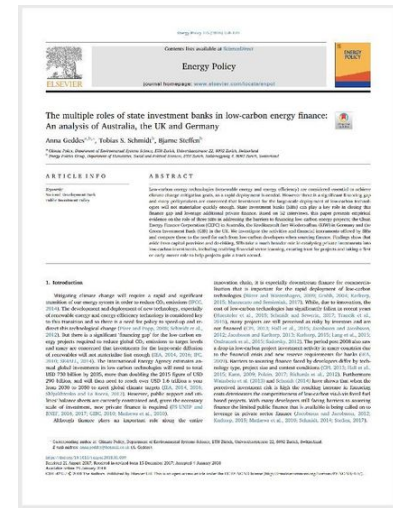
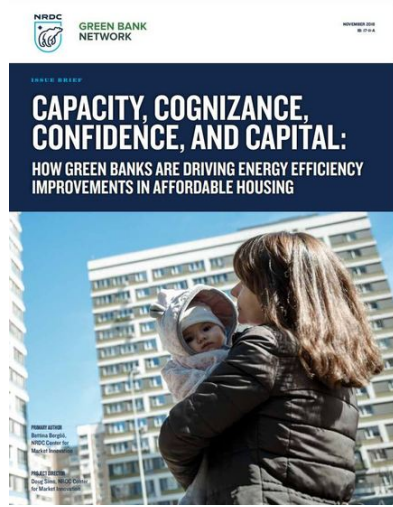
Lowering the cost of utility bills and property maintenance by improving building performance can significantly reduce a building's total operating expenses. This means owners can limit or avoid rent increases to cover operating costs, preserving the affordability of that property for more residents. Not only that, but efficiency upgrades can increase a property's market value, improve its financial stability, make it safer and more comfortable for residents, and lower its carbon footprint.

The multiple roles of State Investment Banks in low-carbon energy finance: An analysis of Australia, the UK and Germany

A new study, published in [Energy Policy](#), highlights the role of State Investment Banks, including Clean Energy Finance Corporation (CEFC) Australia and the UK Green Investment Bank, in clean energy finance. Low-carbon energy technologies (renewable energy and energy efficiency) are considered essential to achieve climate change mitigation goals, so a rapid deployment is needed. However there is a significant financing gap and many policymakers are concerned that investment for the large-scale deployment of low-carbon technologies will not materialise quickly enough. State investment banks (SIBs) can play a key role in closing this finance gap and leverage additional private finance.

Based on 52 interviews, this paper presents empirical evidence on the role of three SIBs in addressing the barriers to financing low-carbon energy projects; the CEFC in Australia, the Kreditanstalt fuer Wiederaufbau (KfW) in Germany and the Green Investment Bank (GIB) in the UK. The authors investigate the activities and financial instruments offered by SIBs and compare these to the need for such from low-carbon developers when sourcing finance. Findings show that aside from capital provision and de-risking, SIBs take a much broader role in catalysing private investments into low-carbon investments, including enabling financial sector learning, creating trust for projects and taking a first or early mover role to help projects gain a track record.

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



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