

NEW YORK'S GREEN BANK COMMITTING TO DIVERSE TRANSACTIONS

Cleantech Alert
February 13, 2015

New York State's one-billion-dollar[1] Green Bank opened for business in 2014 and has begun committing to transactions. The Green Bank's self-professed sweet spot is investments between \$5 million and \$50 million. Examples of transactions that have been agreed to in principal are:

- Provision of a credit facility to a provider of comprehensive energy services for expansion of commercial and industrial clean energy projects;
- Co-investment relationship with lender to expand and enhance its clean energy lending;
- Provision of a senior debt facility to lender to support its energy service agreement-based retrofits of real estate, including commercial real estate;
- Provision of guarantees to lenders for construction and tax equity financing for a four-megawatt, ground-mounted solar photovoltaic energy project located on a New York State brownfields cleanup site;
- Provision of a credit facility to be used in conjunction with the expansion of renewable funding and lender's warehouse loan program to New York State, which is used to provide residential energy efficiency loans;
- Provision of a credit facility to provide senior loans to an investment vehicle set up to invest in energy efficiency and distributed energy generation projects for commercial, industrial, and municipal buildings; and
- Provision of senior construction and permanent loan facilities to a company which designs, builds, owns, and operates small-scale cogeneration projects in large commercial buildings.

These seven inaugural Green Bank transactions are highly varied, representing the breadth of the Green Bank's capabilities.

Overall, the Green Bank presents a unique opportunity for companies in the clean energy industry and those that lend to them to access the capital and credit support necessary to further the clean energy industry in New York State in ways that aren't otherwise commercially available. Specially, the touted benefits of the Green Bank include:

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- The increased availability of capital to clean-energy markets;
- An expanded market for financing opportunities as a result of partnerships with the private sector;
- New types of investments and new investors in the New York State clean energy sector; and
- A move away from government-driven grants and subsidies to market-based investments and leveraging funds and institutional capabilities of its clients and partners.

If a project can be financed solely by the private sector given current commercial practices, it is less likely to qualify for Green Bank support.

A non-exhaustive list of eligible technologies include:

- Renewable energy resources such as solar photovoltaics, solar thermal, wind, fuel cells, hydroelectric, biomass, biothermal energy, biogas, liquid biofuels, and tidal/ocean powers;
- Energy efficiency resources such as commercial and industrial efficiency improvements, loan reduction, and residential energy efficiency improvements like multifamily housing; and
- Other clean energy projects such as natural gas-fired CHP, electric vehicle infrastructure, fuel cells, anaerobic digester gas systems, and offshore wind.

Transaction proposals are submitted online through an ongoing RFP process. Instructions are available on the Green Bank's website.

To invest in a transaction, the Green Bank requires the following minimum criteria:

- Participation of one or more private sector financial parties;
- Lending at the wholesale level;
- Economic and technical feasibility with acceptable financial returns;
- Demonstration of greenhouse gas reductions that support New York State's clean energy policies;
- Demonstration of a need for Green Bank participation to make the project a reality;
- Demonstration of how the transaction contributes to a transformation in the market;
- Demonstration of how the private sector will ultimately assume the role undertaken by Green Bank in the transaction; and
- Demonstration of sufficient client/partner investment in the transaction – described as “skin in the game.”

Whether you are a clean energy provider, provider of energy efficiency resources, or a lender with clients that meet these criteria, the Green Bank could help you bridge the gap by making possible transactions that would not otherwise be feasible under current commercial lending market conditions.

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If you have any questions relating to the Green Bank or cleantech in general, please contact:

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[1] The Green Bank's petition for the allocation of a further \$781.5 million to fully fund the \$1 billion capitalization is currently pending with the New York Public Service Commission. Upon allocation, this amount will be received in four annual installments of \$193,375,000, commencing in June 2015.