



# National Climate Bank: Investing to Win the War Against Climate Change

*Coalition for Green Capital*  
*November 2019*

# A Climate Bank is an essential component of any climate policy to ensure a fast and fair clean energy transition

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To operate free from bias or interference, structured as **independent non-profit**.

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

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

To achieve full decarbonization as quickly as possible, **leverages private capital** with public investment.

# National Climate Bank Act introduced in U.S. Senate in July

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- Sponsored by Sens. Markey, Van Hollen, Blumenthal and Schatz
- Creates new non-profit called the National Climate Bank
- Deposits \$35 billion in public funds for Climate Bank to invest

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.

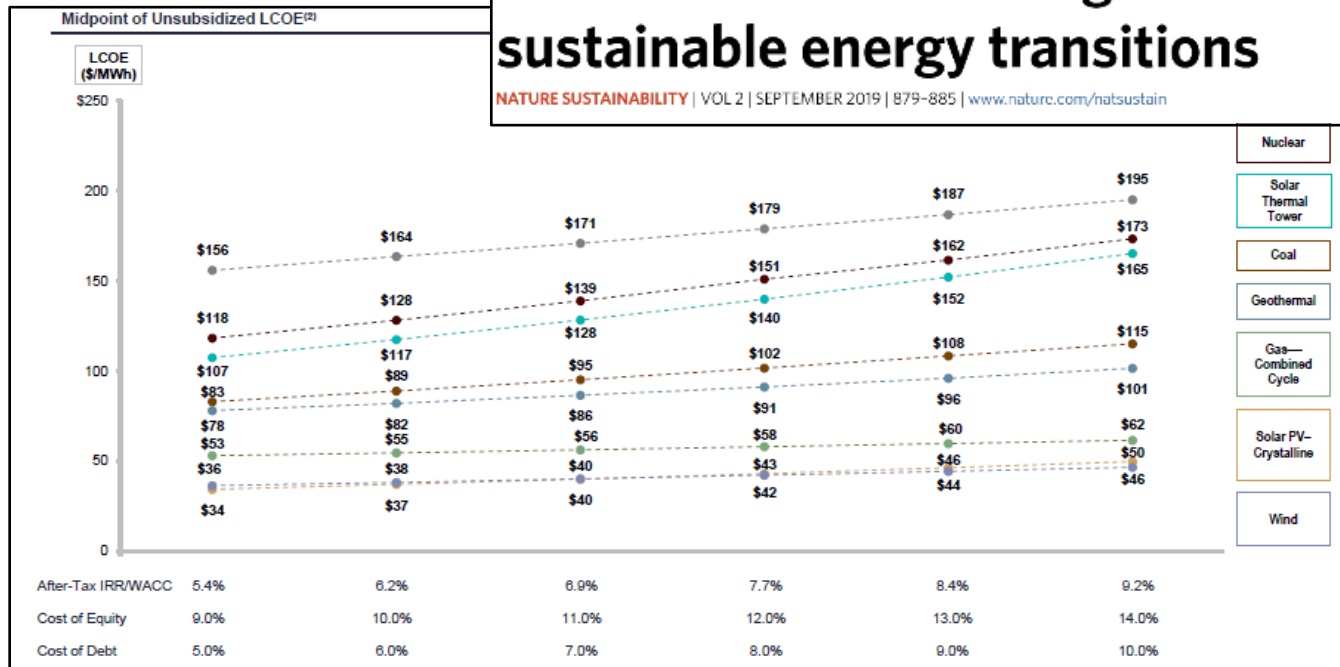
# Use range of tools to reduce emissions across sectors, “crowd in” private capital and strengthen communities

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## What does the National Climate Bank Do?

- *Finance projects across multiple sectors to reduce GHG emissions*
  - Transmission, renewable power generation, storage, transportation, electrification, efficiency, industry, agriculture, climate-resilient infrastructure
- *Use a broad toolkit to support projects and draw in private investment*
  - Senior debt, mezzanine/subordinated debt, credit enhancements, guarantees, warehousing/aggregation, securitization
- *Strengthen communities by prioritizing investment in disadvantaged areas*
- *Help start-up and capitalize state and local Green Banks*
- *Accelerate closure of fossil fuel power plants and halt fossil fuel extraction*
- *Invest in just transition in communities where facilities are retired*

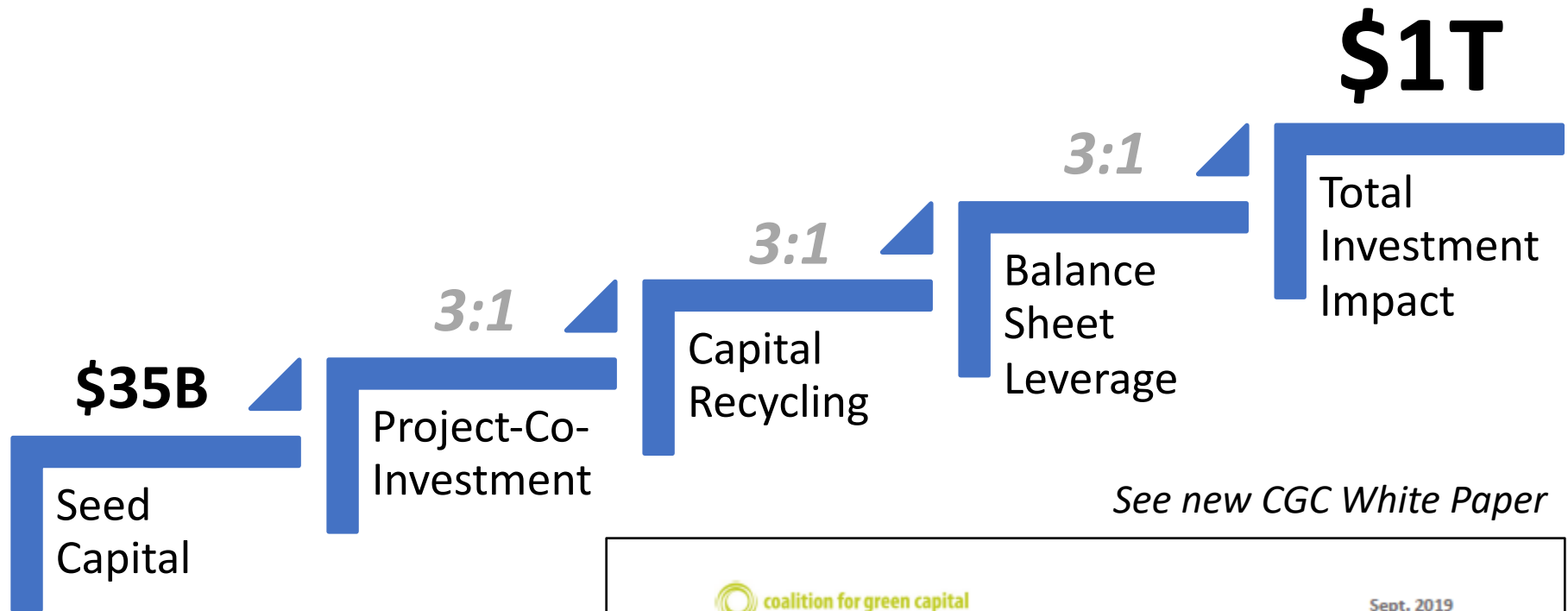
# Cost and availability of financing determine the speed and equity of clean energy transition



# National Climate Bank removes barriers to investment

Barrier to Investment	NCB Solution	Context
Perceived project risk	Credit enhancement	Loan loss reserve from NCB can mitigate risk and allow investment to flow at longer term of lower rate
Inefficiencies of scale	Aggregation & Warehousing	NCB can aggregate multiple small projects to meet scale to attract private capital
First-of-kind transaction	Technical assistance	NCB will put in technical legwork that comes with closing more labor-intensive innovative transactions
Marginal economics	Co-investment	NCB can lend to project, in senior or junior position, to improve overall economics for investors and customers

# Climate Bank can multiply investment 30x over its life



*See new CGC White Paper*

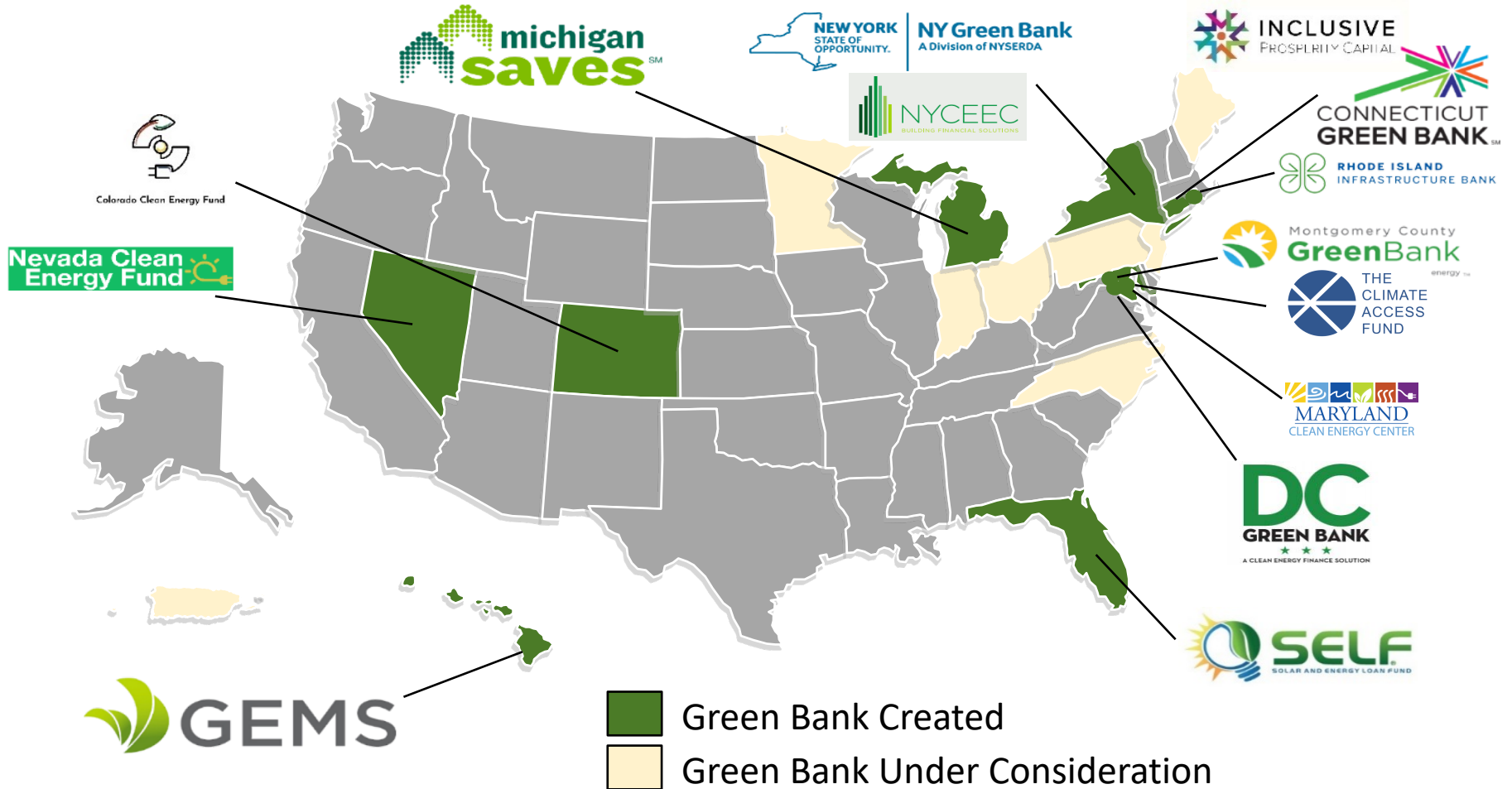


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## Mobilizing \$1 Trillion Towards Climate Action

An Analysis of the National Climate Bank

# Experience counts! Green Banks in the U.S. have already driven \$4B of investment; can apply lessons learned





# Existing Green Banks are already prioritizing EJ: Strengthening communities, lowering both GHG and prices

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- Expanding renters' access to solar and efficiency with on-bill financing
- Removing barriers caused by credit risks with alternative underwriting and targeted product design
- Bringing in philanthropic capital to hit dual targets of community development and climate action



## **GEMS greentechmedia:** **Hawaii's On-Bill Financing Program** **Unlocks Energy Upgrades for the Masses**

The Aloha State's GEM\$ program enables renters and low-income households to install solar and energy-saving equipment with no upfront costs.

## **NYCEEC Partners with NYC HPD on** **New Green Housing Preservation Program**

CITY HOUSING AGENCIES ANNOUNCE NEW GREEN HOUSING PRESERVATION PROGRAM  
TO DELIVER ON KEY COMMITMENTS IN MAYOR'S AFFORDABLE HOUSING PLAN AND ONENYC

# With Climate Bank finance, state and local Green Banks could be as numerous as CDFIs

- Climate Bank to build lending network across the country
- “Start-Up Division” will provide assistance to form new Green Banks
- Climate Bank provides capital to all Green Banks
- Similar to CDFI model – designated and funded by govt, driving private and philanthropic investment

**Over 1,000 CDFIs Across U.S.  
with \$108B in Assets**



 coalition for green capital

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**Supporting State and Local Green Banks**

An Analysis of the National Climate Bank

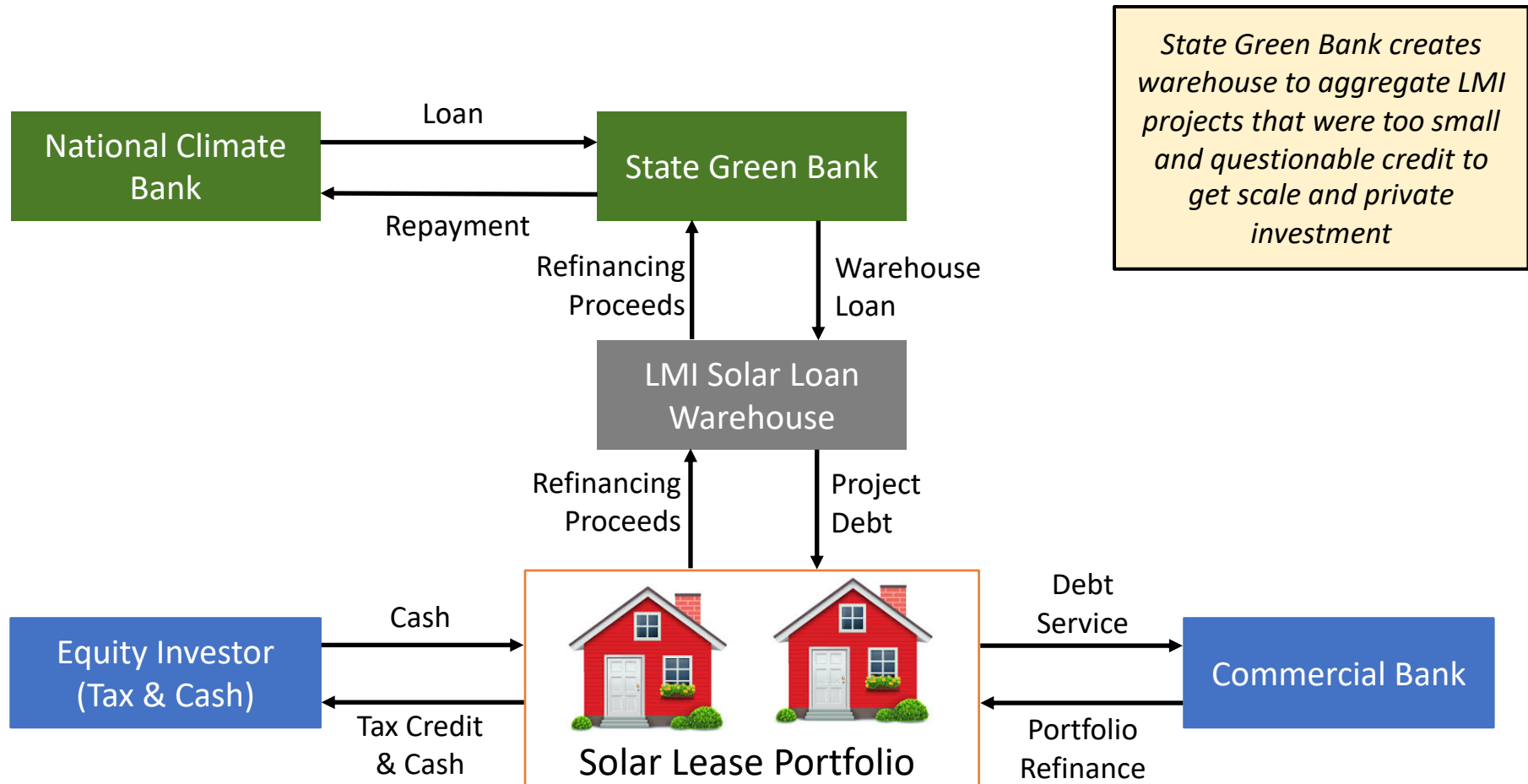
*See new CGC White Paper*

Notes & Sources: American Green Bank Consortium;

[http://www.lisc.org/media/filer\\_public/8f/21/8f21577d-bcf1-4b23-a180-f59a581558b0/011118\\_resource\\_report\\_cdfi\\_impact\\_investing\\_final.pdf](http://www.lisc.org/media/filer_public/8f/21/8f21577d-bcf1-4b23-a180-f59a581558b0/011118_resource_report_cdfi_impact_investing_final.pdf);

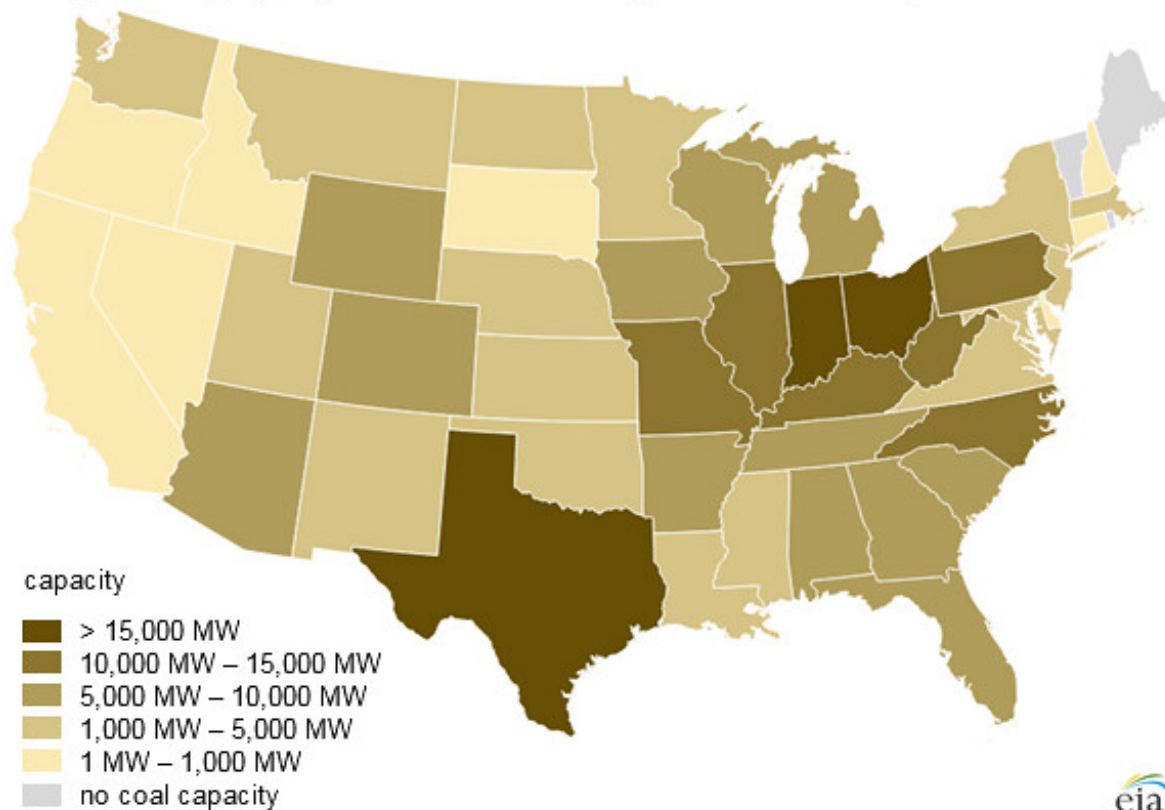
Opportunity Finance Network.

# For example, Climate Bank provides capital to state Green Bank to support solar rooftop deployment for LMI homes



# Climate Bank will accelerate transition, fund retirement of fossil-fueled generation facilities...

Coal generating capacity in the Lower 48 states (as of December 2016)

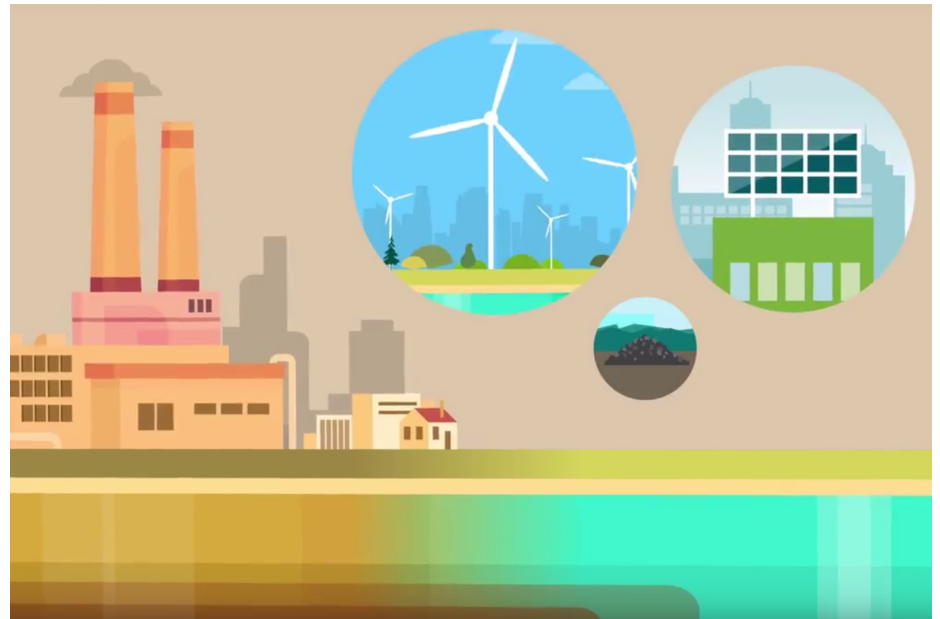


- Nearly all lost coal power filled by nat gas
- Coal retirements are slowing; only ~10% of today's coal fleet set to retire by 2023
- NCB uses securitization, reverse auctions, and direct negotiation to hasten retirement, lower consumer cost

..and then directly invest in the transitioning communities to support economic development, jobs and growth

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- Authorized to provide direct investment into communities affected by the retirement of fossil fuel plants or end of local extraction business
- Also finance construction of clean energy projects in those communities to replace coal power, lower energy costs, reduce pollution



# Draws on precedents, but has unique mission and scope

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## Federal Finance to Drive Private Investment



## Federally Formed & Funded Non-Profits for Public & Private Investment



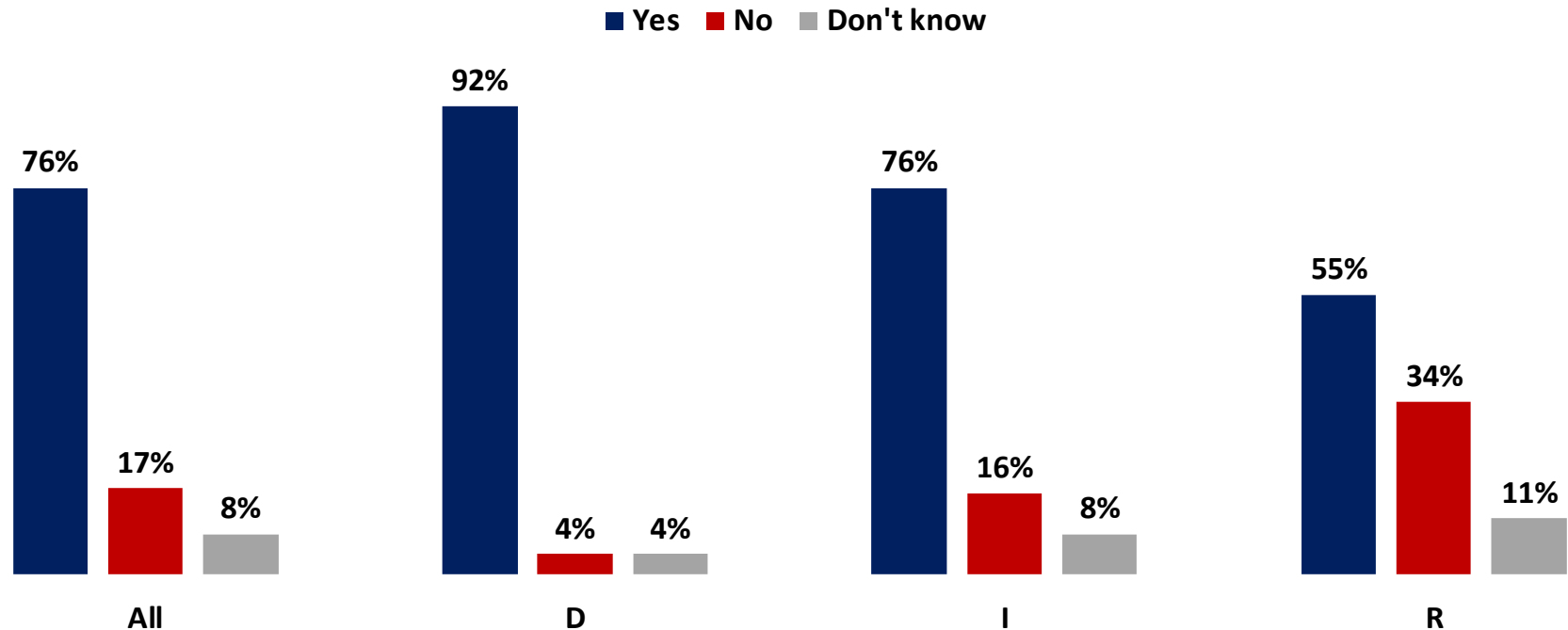
## Federal Funds to Investment Vehicles Not Controlled by Government



# 76% agree the government should implement a plan to transition to clean, renewable energy

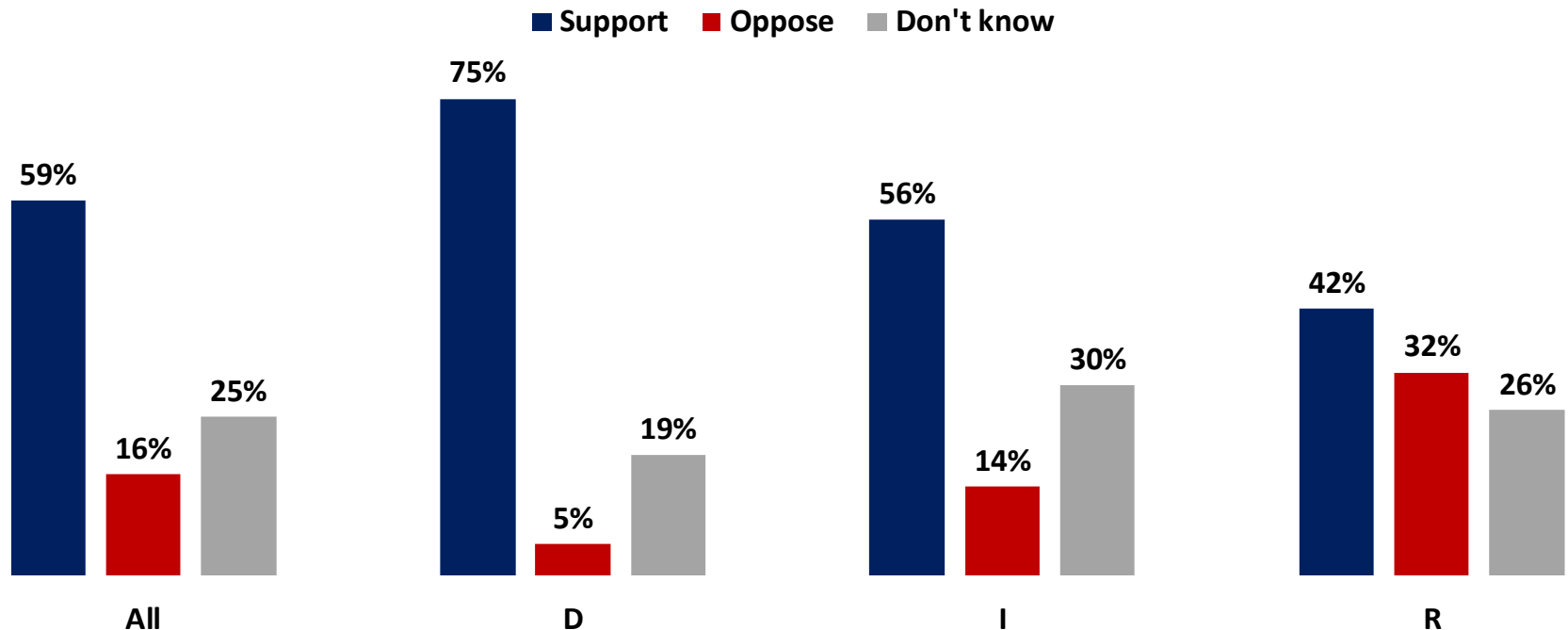
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*Do you agree that climate change is a significant problem in the United States and the federal government should implement a plan to transition to clean, renewable energy?*



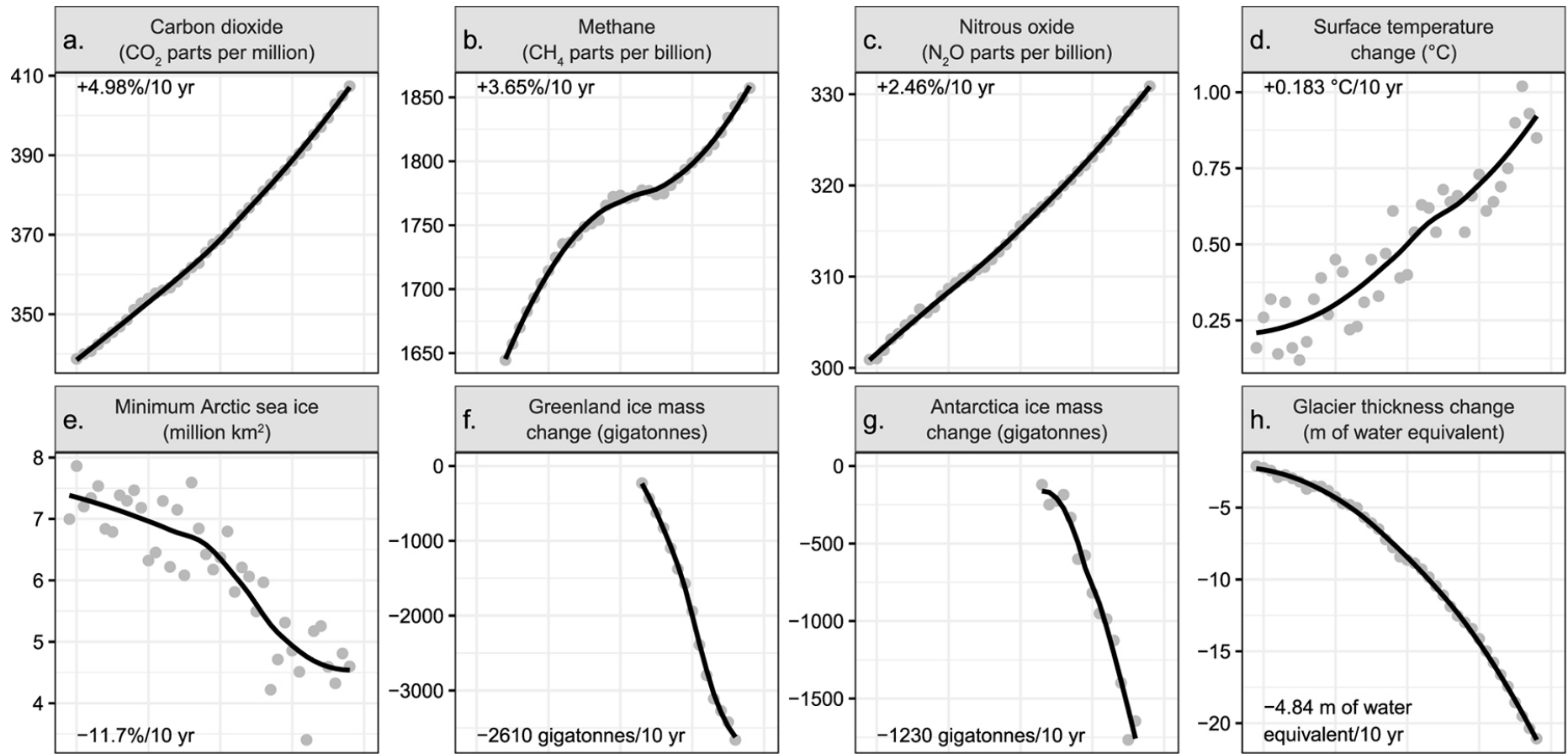
# 59% support the National Climate Bank Act including 75% of Dems., 56% of Ind. and 42% of Rep.

*A number of senators have introduced a bill called the National Climate Bank Act. If passed into law, the federal government will contribute \$35 billion to an independent non-profit bank that combines this taxpayer money with \$1 trillion of private investment to build enough renewable power generation to meet all American electricity demand. The Act also guarantees that electricity prices will not increase as the economy moves to the clean power platform. Do you support or oppose this proposal?*





# There's no time to waste: Eleven thousand scientists have reported a climate emergency.



BioScience, biz088, <https://doi.org/10.1093/biosci/biz088>

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## **Thank You**

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