



Montgomery County  
**GreenBank**

Your partner for clean energy <sup>TM</sup>

# Climate Change and Resiliency

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PRESENTATION TO MARYLAND GOVERNMENT FINANCE OFFICERS ASSOCIATION

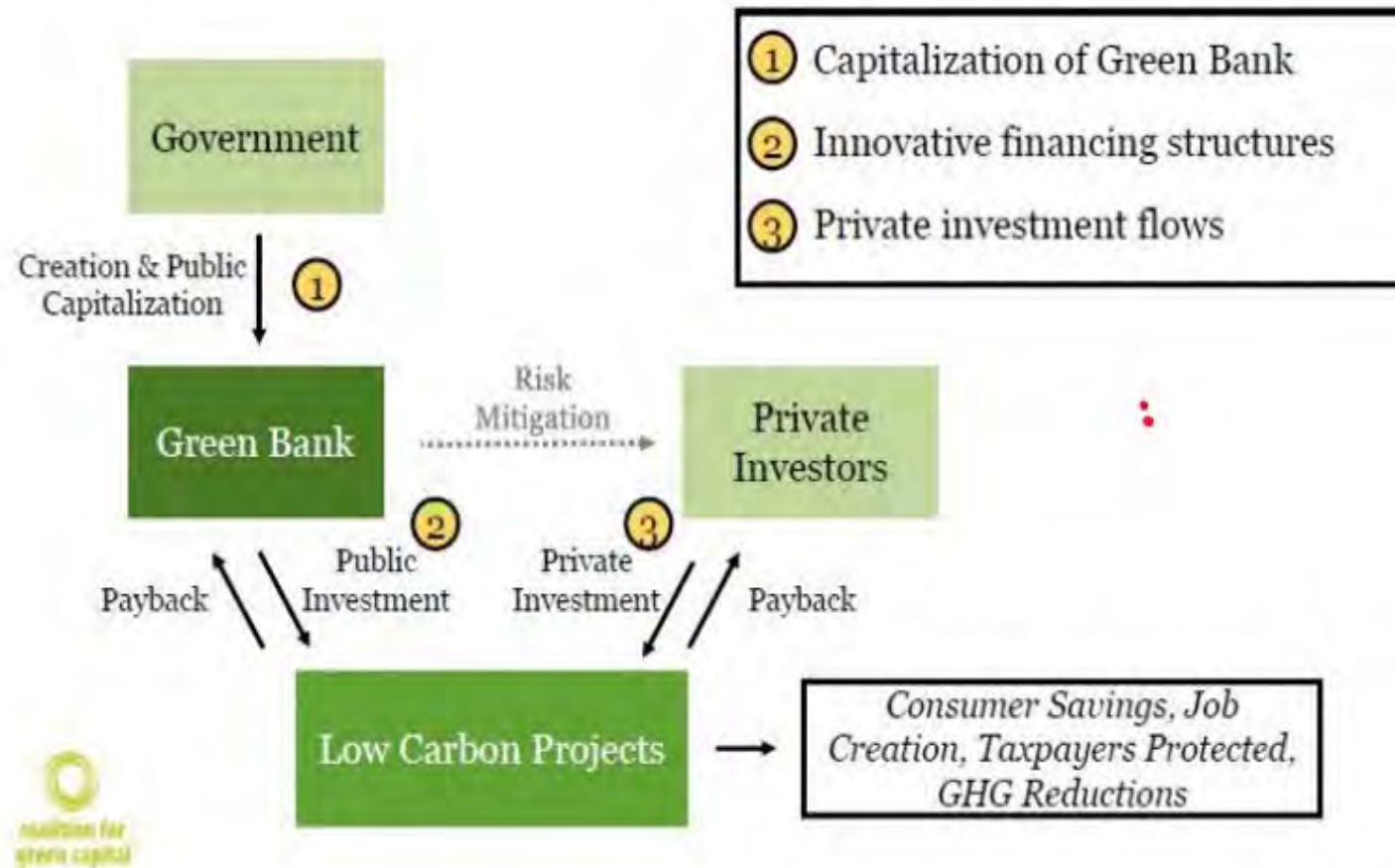
BONNIE NORMAN, BOARD CHAIR

TOM DEYO, CEO

JUNE 17, 2021



# Green Banks leverage and recycle public-purpose funds to catalyze clean energy demand and investment for economic growth



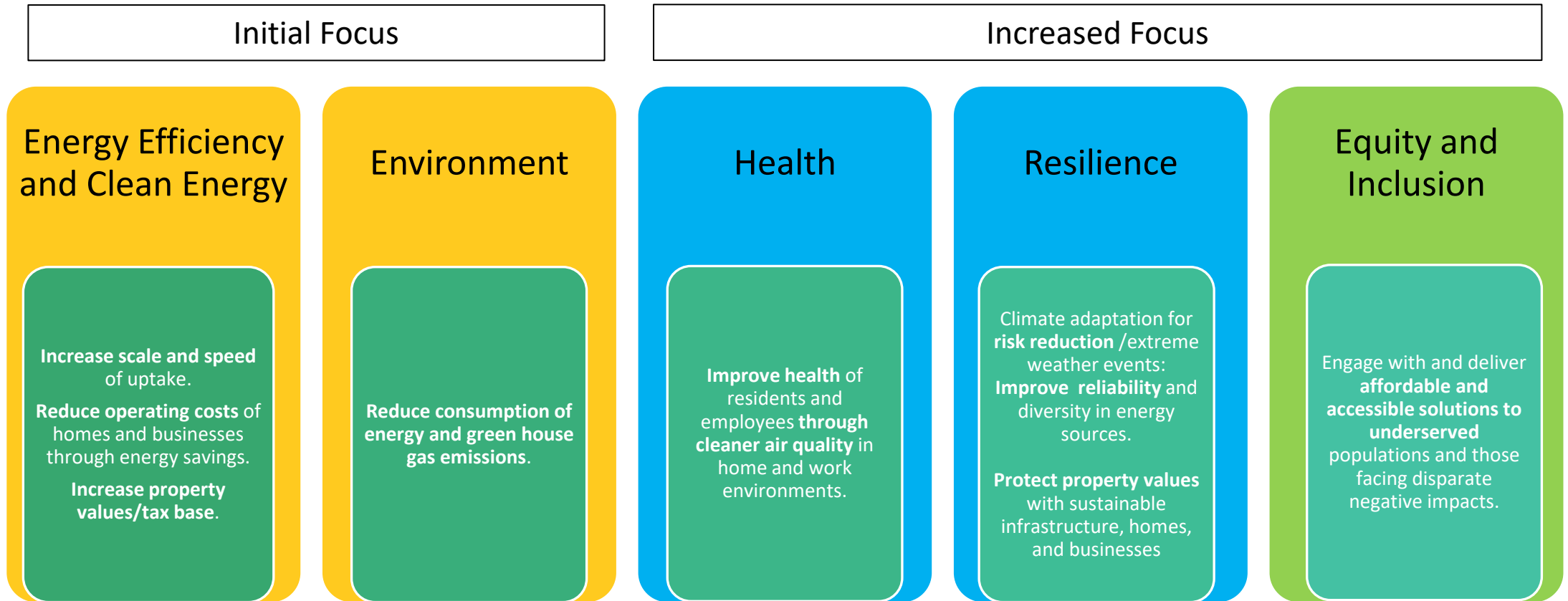


➤ **Nonprofit Mission-Driven Organization:**

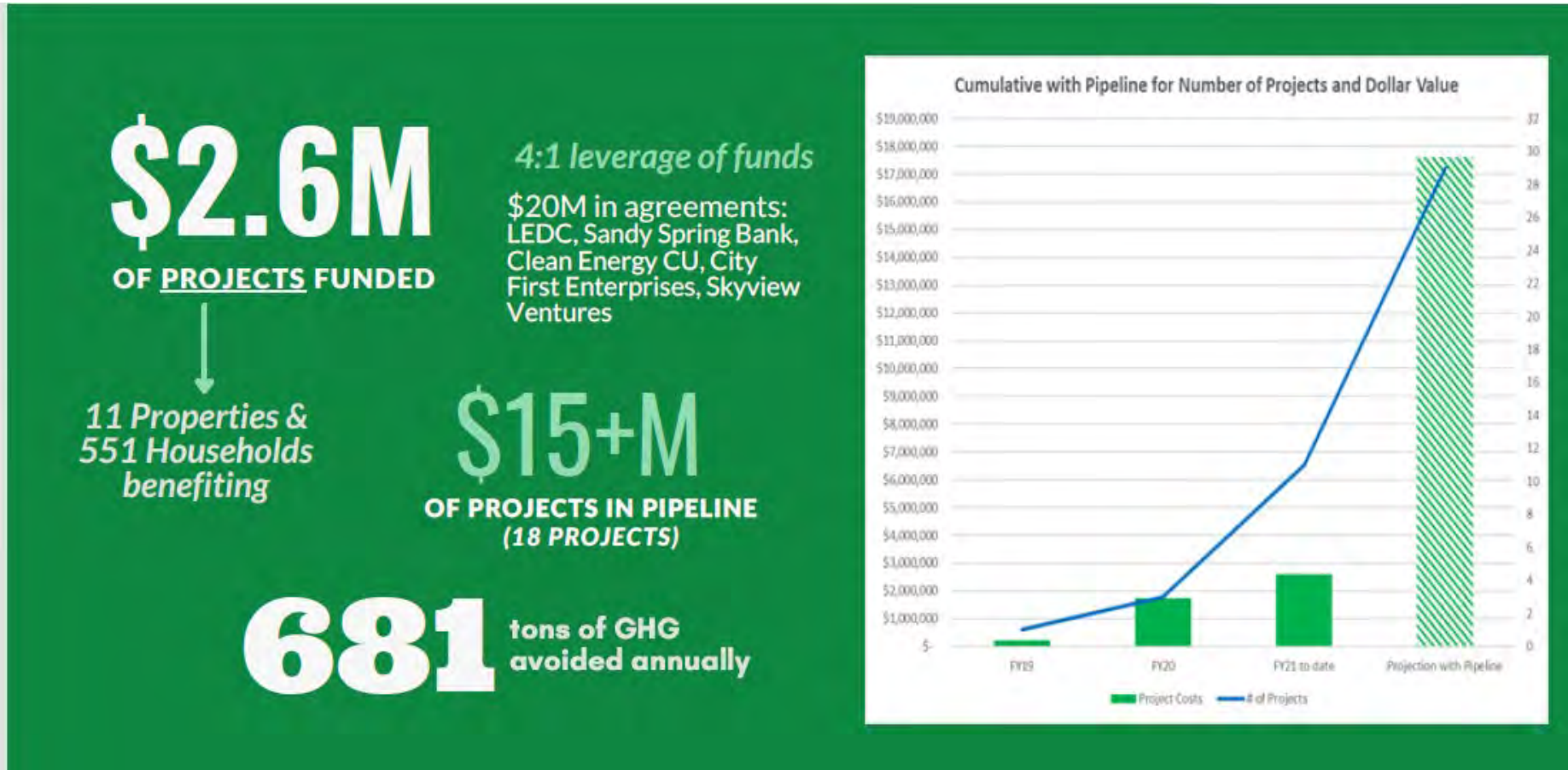
- ☐ Chartered by Montgomery County. *Independent*, 501(c)3 non-profit corporation.
- ☐ Capitalized from settlement funds from the Pepco-Exelon merger. Pursues donor, other funds.
- ☐ **Purpose**: Accelerate investment in energy efficiency and renewable energy solutions by
  - 1) partnering with private sector capital providers and contractors (*--increase \$ supply*)
  - 2) providing financial offerings that are *accessible, affordable and transparent-- ideally, energy savings to cover a project's debt service, with minimal upfront costs and collateral*
  - 3) providing outreach, resource connections, and technical assistance (*--increase demand*)
- ☐ **Focus**: Build a more diverse, equitable, and inclusively prosperous, resilient, sustainable, and healthy community. Serving *all* businesses and residents.
- ☐ **Alignment**: Support Montgomery County's goals to reduce its greenhouse gas emissions and advance its Climate Action Plan (*with programs, products, and off-balance sheet funding*).
- ☐ **Target**: Leverage investment to attract private capital at target 4:1



# Green Bank Portfolio to Fully Align with County's Climate Action Plan—Mitigation and Adaptation



# Performance Snapshot



# Creating Product Suite with Private Capital to Fill Gaps, De-Risk Investments, and Leverage Funds

<i>Product</i>	<i>Financial Structure</i>	<i>Partners</i>	<i>Leverage</i>	<i>Gap / De-Risk</i>
<b>Homeowners</b>				
<b>Clean Energy Advantage – Energy Efficiency &amp; Renewable</b>	Loss Reserve	<b>Credit Union</b>	10:1	Affordable, Transparent Financing
<b>Commercial (including Multi-family Property Owners) and Industrial</b>				
<b>C-PACE (Program Administrator)</b>	Property Tax Surcharge	<b>Private Capital</b>	4:1	Long-term capital; low-cost
<b>Commercial Loan for Energy Efficiency &amp; Renewables (CLEER)</b>	Loss Reserve	<b>Community Banks</b>	20:1	Not C-PACE acceptable, or otherwise preferred
<b>Small Business Energy Savings Support</b>	Shared Debt in Project Loans	<b>CDFI</b>	1.2:1	Highly Flexible for re-opening needs
<b>Commercial Solar PPA</b>	Debt in Solar PV SPE	<b>Private Capital</b>	1.4:1	Small arrays; no out-of-pocket costs; long-term steady operating costs
<b>Tailored Structured Finance</b>	Shared Capital in Bespoke Deals	<b>CDFI</b>	1.5:1	Bridge loans; higher risk gaps
<b>Low-Moderate Income Owners and Renters</b>				
<b>Community Solar for Low- and Moderate Income</b>	Subordinate Debt in Solar PV SPE	<b>Private Capital</b>	8:1	LMI subscriber risk on turnover





# Increasing Project Attractiveness and Outcomes with Financing

## Traditional Project Funding - 15% Savings

Annual Utility Cost	\$ 400,000
Investment Evaluation Criteria	3-Year ROI or Less

### **Project Sizing**

Annual Energy Savings	\$ 60,000
Potential Project Size	\$ 180,000
Energy Measures Savings Potential	10-15%

### **Year-1 Cash Flow**

Cash Investment	\$ (180,000)
Utility Incentives	\$ 20,000
Annual Energy Savings	\$ 60,000
Year-1 Cash Flow	<b>\$ (100,000)</b>
Year 2 Cashflow	\$ (20,000)
Year 3 Cashflow	\$ 40,000

## CLEER Project Funding - 30% Savings

Annual Utility Cost	\$ 400,000
Investment Evaluation Criteria	Net Neutral / Positive

### **Project Sizing**

Annual Energy Savings	\$ 120,000
Potential Project Size	\$ 800,000
Energy Measures Savings Potential	25% - 30%

### **Year-1 Cash Flow**

CLEER Loan Repayment (7 yr)	\$ (120,701)
Utility Incentives	\$ 80,000
Annual Energy Savings	\$ 120,000
Year-1 Cash Flow	<b>\$ 79,299</b>
Year 2+ Cashflow	\$ (701)



# Putting the Pieces Into Practice

- 212-unit **affordable** residential condominium
- Energy Efficiency upgrades: boilers, domestic water heaters, a new cogeneration system.
- Improvements support reduction in energy consumption by 20% and reduces operating expenses. Benefits--funds to service loan, lower energy burden, increase in resident satisfaction and property value.

<b>Total Cost for Project</b>	<b>\$1,500,000</b>
<i>CLEER Program Loan (Sandy Spring Bank)</i>	<i>\$837,000</i>
<i>Bridge Loan (City First Enterprises and Green Bank)</i>	<i>\$200,000</i>
Maryland Energy Administration	\$75,000
Pepco Incentives	\$14,000
Other Capital	\$374,000

