

Transaction Profile

Financing in action

NINEDOT ENERGY

Revolving credit facility to finance the interconnection of energy storage projects in New York



Photo Credit: New York Times

A \$25 million senior-secured revolving credit facility to fund interconnection deposits for the development of a portfolio of distributed energy storage projects. This will be NY Green Bank's first purely energy storage transaction, contributing to its goal of investing \$200. million toward energy-storage related projects. This transaction will also contribute to New York State's goal to deploy 3 GW of energy storage by 2030.

Market Barriers and Solutions

The market for energy storage interconnection financing remains nascent among **commercial lenders**. There are few options for financing at this stage of the development process. Private credit institutions may provide such financing, but at pricing untenable to developers. This facility fills this gap in the market by providing much-needed capital for the interconnection process for standalone energy storage assets, which may in turn spur investment from other lenders in the market.

Transaction amount: **\$25.0 million**

Counterparties:

(Project Sponsor) NineDot Energy, LLC
(Project Borrower) NineDot IX Borrower, LLC

Product: **Interconnection loan**

Date closed: **June 2023**

Estimated lifetime metric tons
CO₂e reduced: **9,870**

Technologies: **Energy storage**

Location: **New York City**

End-use segment: **Community distributed generation**



"We're excited, proud, and grateful that such a forward-looking institution saw the value in helping us achieve our vision. We believe that climate change is the most critical issue of our time, and innovators like NineDot and NY Green Bank can work together to make a positive impact on the environment and society in which we live and work. As we learned when we engaged with them previously, NY Green Bank is a smart, creative, and diligent partner willing to work with young companies doing innovative and important things."

David Arfin, NineDot Energy CEO
and Co-founder



TRANSACTION PROFILE

August 2023

\$25 million revolving credit facility to finance the interconnection of energy storage projects in New York

NINEDOT ENERGY, LLC

On June 30, 2023, NY Green Bank (“NYGB”) closed a \$25.0 million interconnection loan to NineDot Energy LLC (“NineDot”). NYGB’s facility will support NineDot in funding interconnection deposits for the development of a portfolio of distributed energy storage projects.

Transaction Description

This facility is a \$25 million senior-secured revolving credit facility to fund interconnection deposits for the development of a portfolio of distributed energy storage projects. This will be NY Green Bank’s first purely energy storage transaction, contributing to its goal of investing \$200.0 million toward energy-storage related projects. This transaction will also contribute to New York State’s goal to deploy 3 GW of energy storage by 2030.

This Transaction Profile is provided pursuant to the updated NY Green Bank – Metrics, Reporting & Evaluation Plan, Version 3.1 (the “**Metrics Plan**”) developed in collaboration with the NYS Department of Public Service and filed with the NYS Public Service Commission (the “**Commission**”) on May 2, 2022.¹ This Transaction Profile contains specific information in connection with the NineDot Energy, LLC transaction entered into in June 2023, as required by the Metrics Plan.²

Form of NYGB Investment

NYGB Product	Product Sub-Type	Committed Capital
Asset Loan & Investment	Interconnection Loan	\$25.0 million

Location(s) of Underlying Project(s)

Downstate. Projects will be located in New York City.

Types of Organizations that are Transaction Participants

	Name	Participant Type
Counterparty	NineDot Energy, LLC	Project Sponsor
	NineDot IX Borrower, LLC	Project Borrower

¹ Case 13-M-0412.

² See Section 4.0 at page 8 - 9 and Schedule 3.

Summary of Financing Market Objectives & Barriers Addressed

Beneficiary	Market Barrier	Financing Solution
Commercial lenders/Project Developers	The market for energy storage interconnection financing remains nascent among commercial lenders . There are few options for financing at this stage of the development process. Private credit institutions may provide such financing, but at pricing untenable to project developers .	This facility fills this gap in the market by providing much-needed capital for the interconnection process for standalone energy storage assets, which may in turn spur investment from other lenders in the market.

Technologies Involved

Technology	Measures
Energy Storage	Battery Storage

Metrics & Evaluation Plan

Planned Energy & Environmental Metrics

NYGB's minimum investment criteria require that "transactions will have the potential for energy savings and/or clean energy generation that will contribute to greenhouse gas ("**GHG**") emission reductions in support of New York's energy policies".³ In addition, the Metrics Plan requires that the following energy and environmental measures applicable to this transaction be reported:⁴

- Estimated gross lifetime and annual GHG emission reductions (metric tons)

The estimated gross lifetime and annual energy and environmental impacts of the investment are as follows:

Energy/Environmental Impact	Lifetime	Lifetime	Annualized	Annualized
	Low Estimate	High Estimate	Low Estimate	High Estimate
Estimated Storage Capacity (MW)	31	55	N/A	
Estimated GHG emission reductions (metric tons)	5,645	9,869	282	493

Planned Market Characterization Baseline & Market Transformation Potential

The Metrics Plan requires that market evaluation occurs when a critical mass of NYGB financing and investment arrangements are in place. Market evaluation activities commenced in 2018 on sectors that NYGB has supported since inception, consistent with the requirement for such assessments approximately three to five years following initial NYGB capital deployments.⁵ NYSERDA collected baseline data for the NYGB portfolio in 2019 and will update the data to include indicators specific to this transaction. NYSERDA will use baseline data collected for indicators as a comparison point against which to assess market progress in later studies. Progress indicators are defined below for the short, medium and long terms.

³ Case 13-M-0412, "Order Establishing New York Green Bank and Providing Initial Capitalization" issued and effective December 19, 2013 of the Commission, Ordering Clause 6 at pages 24 – 25.

⁴ See Metrics Plan, Section 2.0 at pages 2 - 6.

⁵ See Metrics Plan, Section 3.3 at page 7 - 8.

NYGB expects that program and/or future market evaluation will demonstrate progress across short-term indicators, including:

- Size and location of projects financed by the investment;
- Aggregate expected energy savings for projects financed by the investment.

NYGB expects that program tracking and/or future market evaluation will demonstrate progress across medium- and long-term indicators, including:

- Increased market volume of standalone storage projects;
- Increased general understanding of storage benefits by financial community;
- Increased awareness and use of project/technology performance data by financing entities;
- Demonstration of competitive risk-return profiles for storage investments;
- Decreased project costs;
- Increased volume of secondary market financing of storage assets; and
- Presence and number of new lending participants.

Proposed Method of Outcome/Impact Evaluation (by NYSERDA) & Timeframe

NYSERDA will evaluate the impact this transaction has had on the clean energy finance markets and the energy/environmental benefits it delivers.

Market evaluation will assess the short, medium, and long-term indicators identified above. Methods will include analysis of program data along with interviews and surveys of market participants (e.g., financial community) to track information including but not limited to: project scale information and influence of NYGB's participation on financial markets. As noted, NYSERDA collected baseline data on key indicators in its first phase evaluation during 2018 – 19. Later follow-up studies will assess progress against baseline levels for other market segments as those evolve. The specific timing of these efforts may be revised based on experience or other factors as NYGB's investment portfolio further develops and evolves.

Impact evaluation will assess which of the projects funded under the investment raised construction financing and were completed, commissioned, and placed in service.

In accordance with the Metrics Plan, NYGB will track NineDot projects that receive incentives or funding from other entities (e.g., utility, other NYSERDA programs) to minimize any double-counting activity on a consolidated basis. As set out in the Metrics Plan, evaluation sampling approaches will also be used as a mechanism to estimate overlap and minimize double counting. NYSERDA and NYGB will attempt to coordinate market and impact evaluation activities for projects that receive support from multiple sources in order to maximize the efficiency of data collection and avoid participant survey fatigue.