THE NEW YORK CITY ENERGY EFFICIENCY CORPORATION (NYCEEC)

Subordinated debt lending to support clean energy and energy efficiency projects in disadvantaged communities

NYCEEC will use NY Green Bank’s upsized facility to continue to make loans to finance clean energy and energy efficiency projects located in New York State that benefit historically marginalized and historically underserved communities.

**Market Barriers and Solutions**

- **Impact-focused lenders** are undercapitalized relative to the scale of their need. They utilize capital to address market gaps and grow the market for clean energy and energy efficiency. NY Green Bank’s participation supports an impact-focused lender by providing capital to scale such investments that benefit historically marginalized and historically underserved communities.

- **Frontline communities** can lack access to cost-effective financing for clean energy and energy efficiency projects. This transaction supports future lending to clean energy and energy efficiency projects that benefit these communities.

**Transaction Profile**

**Financing in action**

Transaction amount: $10.0 million

Counterparties:

(Project Borrower) The New York City Energy Efficiency Corporation (NYCEEC)

Product: Subordinated term loan

Date closed: November 2022

Estimated lifetime metric tons CO₂e reduced: 19,728

Technologies: Energy efficiency/building decarbonization, solar/storage

Location: Statewide

End-use segment: Multiple

“NY Green Bank capital enables NYCEEC to scale green lending to accelerate equitable building decarbonization in NYS and achieves a large multiplier effect by crowding in capital and catalyzing investment in low-carbon buildings. This capital is critical to achieving NYCEEC’s vision for energy efficiency and clean energy financing for buildings to achieve scale and be accessible to all.”

Jay Merves, Director of Business Development, NYCEEC
Subordinated debt lending to support clean energy and energy efficiency projects in disadvantaged communities

NYCEEC

On June 2, 2022, NY Green Bank ("NYGB") provided a $5.0 million subordinated term loan to the New York City Energy Efficiency Corporation ("NYCEEC"). On November 28, 2022, NYGB upsized this facility with an additional $5.0 million subordinated term loan. NYCEEC will use NYGB’s facility to make loans to finance clean energy and energy efficiency projects located in New York State ("NYS") that benefit disadvantaged communities ("DACs").

Transaction Description

NYCEEC is a 501(c)(3) non-profit lender and local green bank in New York City, focused on delivering financing solutions for energy efficiency and clean energy projects in buildings. NYCEEC has partnered with New York City to reduce GHG emissions by 80% by 2050. NYCEEC began with an initial capital base of approximately $34.0 million and has financed $117.0 million of energy efficiency and clean energy projects; it has had success funding projects in DACs and low-to-moderate income ("LMI") communities, with 75% of its transactions benefitting DACs to date, and 91% since 2019.

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 NYCEEC transaction entered into in June 2022 and upsized in November 2022, as required by the Metrics Plan.²

Form of NYGB Investment

<table>
<thead>
<tr>
<th>NYGB Product</th>
<th>Product Sub-Type</th>
<th>Committed Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset Loan &amp; Investment</td>
<td>Subordinated Term Loan</td>
<td>$10.0 million</td>
</tr>
</tbody>
</table>

Location(s) of Underlying Project(s)

Statewide. Projects will be located across NYS.

Types of Organizations that are Transaction Participants

<table>
<thead>
<tr>
<th>Name</th>
<th>Participant Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>Counterparty</td>
<td>The New York City Energy Efficiency Corporation (NYCEEC)</td>
</tr>
</tbody>
</table>

¹ Case 13-M-0412.
² See Section 4.0 at page 8 - 9 and Schedule 3.
Summary of Financing Market Objectives & Barriers Addressed

<table>
<thead>
<tr>
<th>Beneficiary</th>
<th>Market Barrier</th>
<th>Financing Solution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact-focused lenders</td>
<td>Impact-focused lenders are undercapitalized relative to the scale of their need. They utilize capital to address market gaps and grow the market for clean energy and energy efficiency.</td>
<td>NYGB’s participation supports an impact-focused lender by providing capital to scale such investments to benefit disadvantaged communities.</td>
</tr>
<tr>
<td>Underserved market segments</td>
<td>Underserved market segments can lack access to cost-effective financing for clean energy and energy efficiency projects.</td>
<td>This transaction supports future lending to clean energy and energy efficiency projects that benefit disadvantaged communities.</td>
</tr>
</tbody>
</table>

Technologies Involved

<table>
<thead>
<tr>
<th>Technology</th>
<th>Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy Efficiency / Electrification, Solar / Storage</td>
<td>E.g., High performance building envelope; lighting; HVAC system; hot water system, solar PV, etc.</td>
</tr>
</tbody>
</table>

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 total energy savings (MMBtu equivalent);
- Estimated gross lifetime and annual natural gas fuel savings (MMBtu);
- 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:

<table>
<thead>
<tr>
<th>Energy/Environmental Impact</th>
<th>Lifetime Low Estimate</th>
<th>Lifetime High Estimate</th>
<th>Annual Low Estimate</th>
<th>Annual High Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated total energy savings (MMBtu equivalent)</td>
<td>371,470</td>
<td>371,470</td>
<td>8,260</td>
<td>8,260</td>
</tr>
<tr>
<td>Estimated natural gas fuel savings (MMBtu)</td>
<td></td>
<td></td>
<td>Same as above</td>
<td></td>
</tr>
<tr>
<td>Estimated GHG emission reductions (metric tons)</td>
<td>19,728</td>
<td>19,728</td>
<td>438</td>
<td>438</td>
</tr>
</tbody>
</table>

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4 See Metrics Plan, Section 2.0 at pages 2 - 6.
Planned Market Characterization Baseline & Market Transformation Potential

The Metrics Plan requires that market evaluation occur 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.

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:

- Increase in market volume of energy efficient properties;
- Increase in general understanding of energy efficient properties by the financial community;
- Increased awareness and use of energy efficiency investment performance data by financing entities;
- Demonstration of competitive risk-return profiles for energy efficient properties;
- Decreased operating costs of energy efficient properties; and
- Increased 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 NYCEEC 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.

\(^5\) See Metrics Plan, Section 3.3 at page 7 - 8.