

Growing the NY Green Bank

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NY Green Bank's **Alfred Griffin** will deliver a keynote address at next week's ESG in Fixed Income conference, featuring Green Bonds Americas. He tells **Michael Hurley** about the bank's next moves

The NY Green Bank has been a thrusting force behind growing clean energy financing in the state of New York.

The state-sponsored entity works with the private sector to create a more efficient, reliable and sustainable energy system. NY Green Bank's investments and activities support New York Governor Cuomo's Green New Deal, which requires that 70% of the State's electricity come from renewable sources by 2030 and calls for 9GW of offshore wind by 2035, 6GW of distributed solar by 2025, and 3GW of energy storage by 2030.

Since its inception, it has made combined commitments of \$786.7 million, which have in turn catalysed about \$2.1 billion in investments.



Alfred Griffin

Ahead of a keynote address at Tuesday's [ESG in Fixed Income conference, featuring Green Bonds Americas](#), Alfred Griffin, the bank's president, tells *Environmental Finance* that it is planning to grow its work in previously unexplored areas.

"An area we are putting a lot of time into is sustainable transportation – we may not necessarily expect to close transactions in next 12 months, hopefully we will, but we know it's coming. This includes vehicle fleets and infrastructure. We are excited about that," Griffin says.

"There is a lot of offshore wind coming in the state of New York, and we're continuing to try to find ways to be helpful there, too, with the projects, as well as infrastructure supporting the projects - whether that be ports or vessels and so forth.

"Energy storage is another area where we potentially see a lot of activity over the next couple of years.

"There are a variety of different models. The NY model will not necessarily result in a utility, for example, having a thirty-year fixed price offtake agreement. It may be a model with variable revenue streams. There has to be a deep understanding of those revenue streams... to set aside the time [to study those], bankers and investors need to have the confidence they can put substantial amounts of capital to work," Griffin explains.

As illustration of the bank's early success, he says, it has decreased the amount it invests in residential solar projects.

"Where we've seen a lot of success is in residential solar. That's an area we were extremely busy in our early years, and we are doing less of that today, as we've been refinanced out of a lot of those transactions.

"Now you have a lot of scale and transactions that have been through the ratings process, which large institutional investors need in place to feel comfortable putting their capital to work."

The bank has been increasingly active community solar projects in recent months, he says, adding that the investment model for this technology is structured differently, in terms of revenue streams, compared with most other US states. "It takes work to understand these models," Griffin adds.

"We're doing the work other financial institutions with structured finance expertise would do - but they need to see billion dollar markets, essentially, to fully engage. We have to demonstrate that those markets are on pace to get to that milestone.

"Individual community solar projects are generally about 5MW, and developers are looking to build portfolios of scale. So while those individual projects can be creditworthy investments, if a traditional bank doesn't see the opportunity to put together hundreds of millions of dollars of work in short order, you're just not going to get engagement from the private sector.

"By helping to finance these projects and build out larger community solar portfolios, we're starting to see other banks starting to nibble a bit... there's still not a broad banking market [for community solar projects] but there will be, in a matter of time, whether it's in one or in three years. We're convinced this will be a market that will be well supported by the broader financing community," Griffin asserts.

Meanwhile, the bank is pressing ahead with plans to raise capital from private investors that will see it extend its operations into other US states. [It appointed investment bank and financial advisor Moelis & Company in June last year](#) to scope the level of private sector interest, as well as potential fund structures.

"We seek to raise at least \$1 billion, and be able to support developers and market participants around the US, not just in New York.

"We're still working to move forward with this, we're still working through some approval processes on our side," he explains. "The market sounding that Moelis did over the past year was very positive in terms of interest from the investor community in wanting to partner with us, and this will enable

us to help our counterparties to scale and standardise more quickly, by supporting activity across the country. Faster scale and standardisation will ultimately drive down financing costs."

*\*Register to attend [ESG in Fixed Income conference, featuring Green Bonds Americas](#) in New York City on 17 September.\**