New York Green Bank

Metrics, Reporting & Evaluation

Quarterly Report No. 2
(Through December 31, 2014)

Case 13-M-0412
February 17, 2015
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1.0 Introduction

This Quarterly Report (“Report”) is filed by NY Green Bank (“NYGB”) with the New York State Public Service Commission (the “Commission”) pursuant to the Metrics, Reporting & Evaluation Plan developed in consultation with the Department of Public Service (“DPS”) and filed with the Commission on June 19, 20141 (the “Metrics Plan”). The Metrics Plan reflects the requirements of the order issued by the Commission on December 19, 2013 in connection with the initial capitalization of NYGB (the “Initial Capitalization Order”)2. Both the Initial Capitalization Order and the Metrics Plan define “Quarterly Reports” as “a quarterly [NYGB] status report [filed] within 45 days of the end of each quarter that reports on its progress in carrying out the organization and business plans provided”3 as required.

Quarterly Reports are required to address Operational & Risk Milestones as set out in Table 1 of the Metrics Plan (the “Milestones”) and the Metrics as set out in Table 2 of the Metrics Plan (the “Metrics”), both reproduced for ease of reference respectively as Table 1 and Table 2 of this Report.

Completion of each Milestone is required to be addressed in Quarterly Reports as set out in the Initial Capitalization Order4.

Table 1. Operational & Risk Management Milestones

<table>
<thead>
<tr>
<th>Milestone Type</th>
<th>Milestone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operational Milestones</td>
<td>✓ Organizational structure established/plan filed</td>
</tr>
<tr>
<td></td>
<td>✓ Establishment of Advisory Committee</td>
</tr>
<tr>
<td></td>
<td>✓ Establishment of Investment &amp; Risk Committee</td>
</tr>
<tr>
<td></td>
<td>✓ Leadership and staff of NYGB hired</td>
</tr>
<tr>
<td></td>
<td>✓ Initial Business Plan filed</td>
</tr>
<tr>
<td>Risk Management Milestones</td>
<td>✓ Risk framework, mitigation principles and oversight in place</td>
</tr>
</tbody>
</table>

The Metrics to be reported quarterly are set out in Table 2, with the respective reporting obligations being triggered by the signing and closing of NYGB financing/investment agreements. Quarterly Reports also include NYGB performance quarter-over-quarter against tracked Metrics for the immediately preceding quarter.

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4 Ibid.
### Table 2. Metrics & Data Collection

<table>
<thead>
<tr>
<th>Metric Type</th>
<th>Metric</th>
<th>Data Collection</th>
<th>Timing</th>
</tr>
</thead>
</table>
| Risk Management Metrics<sup>6</sup> | • Total Capital available  
• Committed Funds  
• Deployed Funds  
• Overall portfolio size and concentrations<sup>7</sup> | NYGB records<sup>8</sup>       | Reported quarterly (within 45 days after the end of each quarter) as NYGB financing agreements are signed and closed. First quarterly report will be filed within 45 days after the third quarter 2014 |
|                             | • Portfolio Impairment (percent currently impaired and projected recoveries) | NYGB records                  | Reported annually, consistent with NYGB’s fiscal year (April 1 - March 31). First annual report will be filed within 90 days after March 31, 2015<sup>9</sup> |
| Financial & Market Metrics  | • Number and type of NYGB-supported projects financed  
• Number and general type of NYGB clients and partners | NYGB records                  | Reported quarterly (within 45 days after the end of each quarter) as NYGB financing agreements are signed and closed. First quarterly report will be filed within 45 days after the third quarter 2014 |
|                             | • Audited Financials  
• Mobilization Ratio  
• Return on Investment  
• Capital Redeployment Cycle Time | NYGB records                  | Reported annually, consistent with NYGB’s fiscal year (April 1 - March 31). First annual report will be filed within 90 days after March 31, 2015<sup>9</sup> |
|                             | • Level of awareness, knowledge and confidence of financial institutions and market intermediaries in clean energy investments<sup>10</sup> | Market evaluation<sup>11</sup> | Long-term outcome: Baseline and time series data to be reported as available from periodic evaluation |

<sup>5</sup> Capitalized terms used in Table 2 and not otherwise defined in this Report have the meanings given to them in the Metrics Plan.<br />
<sup>6</sup> The Initial Capitalization Order defines risk management metrics as those that assist in defining acceptable capital deployment opportunities.<br />
<sup>7</sup> NYGB’s risk management protocols include portfolio construction principles, which in turn address diversification and concentration. In particular, these principles require NYGB to identify and monitor concentration risk and exposures including as to technologies, product offerings and clients and counterparties.<br />
<sup>8</sup> NYGB records include information obtained from clients and partners consistent with usual and customary commercial practice, including with respect to confidentiality determined necessary on a deal-by-deal basis.<br />
<sup>9</sup> Timing takes into account the period required for Audited Financials to be prepared and reviewed ahead of being available for public filing.<br />
<sup>10</sup> Over time, as financing agreements are signed and closed, NYGB will give consideration to the development of specific barriers and market transformation indicators.<br />
<sup>11</sup>As set out in Section 5.2 of the Metrics Plan (Market Evaluation) the reporting cycle for this Metric will be tied to the timing of the required evaluations.
### Energy & Environmental Metrics

- Lifetime energy saved by fuel type from efficiency projects (MWh/MMBtu)\(^{12}\) and/or lifetime clean energy generated (MWh)\(^{13}\)
- Lifetime primary energy saved from CHP (Btu)
- Clean energy generation installed capacity (MW), if applicable
- Lifetime greenhouse gas emission reductions (tons)

<table>
<thead>
<tr>
<th>Metric Type</th>
<th>Metric</th>
<th>Data Collection</th>
<th>Timing</th>
</tr>
</thead>
</table>
| Energy & Environmental Metrics| - Lifetime energy saved by fuel type from efficiency projects (MWh/MMBtu)\(^{12}\) and/or lifetime clean energy generated (MWh)\(^{13}\)  
- Lifetime primary energy saved from CHP (Btu)  
- Clean energy generation installed capacity (MW), if applicable  
- Lifetime greenhouse gas emission reductions (tons) | NYGB records Impact evaluation | Long-term outcomes: Estimates reported quarterly (within 45 days after the end of each quarter) for Committed Funds and Deployed Funds as NYGB financing agreements are signed and closed, later verified by impact evaluation. First quarterly report will be filed within 45 days after the third quarter 2014 |

For this Quarterly Report, information with respect to both Milestones and Metrics is being provided for the fourth (calendar) quarter of 2014, together with any material subsequent events that occur in the period from January 1, 2015 through the date of this Quarterly Report.

## 2.0 Operational & Risk Management Milestones

Since the last Quarterly Report, NYGB’s continued execution to plan, together with major milestone achievements, include:

(a) **Ongoing Execution on Robust Pipeline of Transactions:** Continued progress towards closing deals in NYGB’s pipeline, including those publicly announced on October 22, 2014\(^ {14}\);

(b) **Incoming Transaction Proposals:** Ongoing receipt, review and evaluation of, and response to, investment proposals received by NYGB from prospective clients and partners pursuant to the ongoing solicitation for investment proposals (the “RFP”)\(^ {15}\);

(c) **Continuing Origination Efforts:** Ongoing origination meetings with existing and potential clients and partners in connection with projects that meet NYGB’s mission and investment requirements to maintain the flow of market feedback to inform NYGB’s deployment of funds in the most effective ways;

(d) **Continued Process to Complete Capitalization:** Following the filing of the “Petition of the New York State Energy Research and Development Authority to Complete Capitalization of the New York Green Bank” dated October 30, 2014 (the “Petition to Complete NYGB Capitalization”)\(^ {16}\), Reply Comments were filed on February 2, 2015\(^ {17}\);

(e) **Finalized Key Hires:** Key personnel retained to fill NYGB risk and compliance, operations, investments, and administrative positions to support ongoing business needs and growth;

(f) **Continuing NYGB Communications to Stakeholders:** Ongoing informational and other meetings and interactions with stakeholders, including industry groups, regulators, RGGI and others so that all parties remain updated on NYGB activities, opportunities and outcomes;

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\(^{12}\) Energy impacts will generally be based on full savings compared against the baseline of the existing condition and will be reported quarterly based on NYGB results. As these metrics are verified through impact evaluation, those results will be included in Quarterly Reports following completion of corresponding evaluations.

\(^{13}\) This Metric category includes energy impacts from on-site fuel cells and bio-heat applications.


\(^{16}\) Case 13-M-0412.

(g) **First Advisory Committee Meeting:** Held first NYGB Advisory Committee meeting on October 14, 2014; and

(h) **International Green Bank Summit:** Hosted and ran the Second Annual International Green Bank Summit in New York City on November 17-18, 2014 attended by ~40 representatives of green financing organizations from across the US and the globe, together with ~40 representatives of private sector clients and partners to focus on the ways in which green financing organizations are, and can continue, catalyzing greater deployment of clean energy technologies and mobilization of private capital, while identifying and leveraging best practices.

### 3.0 Metrics

Required metrics for the period October 1 through December 31, 2014, during which no NYGB financing/investment agreements have been signed and closed are as set out below:

<table>
<thead>
<tr>
<th>Metric</th>
<th>Status - Q3 2014</th>
<th>Status - Q4 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Capital18 Available</td>
<td>$217.7 million</td>
<td>$216.8 million19</td>
</tr>
<tr>
<td>Committed Funds20</td>
<td>$500,000</td>
<td>$500,000</td>
</tr>
<tr>
<td>Deployed Funds21</td>
<td>$0</td>
<td>$0</td>
</tr>
<tr>
<td>Overall Portfolio Size &amp; Concentrations</td>
<td>$500,000</td>
<td>$500,00022</td>
</tr>
<tr>
<td>Number &amp; Type of NYGB-Supported Projects Financed</td>
<td>1 - Energy Efficiency</td>
<td>1 - Energy Efficiency</td>
</tr>
<tr>
<td>Number &amp; General Type of NYGB Clients &amp; Partners</td>
<td>2 - C-PACE Developer, International Bank</td>
<td>2 - C-PACE Developer, International Bank</td>
</tr>
<tr>
<td>Estimated Lifetime Energy Saved by Fuel Type from Energy Efficiency Projects (MWh/MMBtu) and/or Lifetime Clean Energy Generated (MWh) for Committed Funds &amp; Deployed Funds</td>
<td>Not Yet Available</td>
<td>Not Yet Available23</td>
</tr>
<tr>
<td>Estimated Lifetime Primary Energy Saved from CHP (Btu) for Committed Funds &amp; Deployed Funds</td>
<td>Not Applicable</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Estimated Clean Energy Generation Installed Capacity (MW), if applicable, for Committed Funds &amp; Deployed Funds</td>
<td>Not Applicable</td>
<td>Not Applicable</td>
</tr>
</tbody>
</table>

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18 Where “Capital” means the aggregate capital allocated to NYGB from all public sources at the relevant time, including time-weighted adjustments to account for changes in NYGB’s capitalization, expressed in dollars. See Metrics Plan, page 5.

19 This amount reflects the sum of all capital contributions received by NYGB, investment income (derived from investment of cash on hand), in future fees and interest on Committed Funds and Deployed Funds, less operating expenses and less any losses on Deployed Funds. In addition to NYGB’s initial capitalization (made up of $165.6 million pursuant to the Initial Capitalization Order and $52.927 million in RGGI funding) this amount includes $500,000 transferred to NYGB by NYSERDA in May 2014 of U.S. Department of Energy (“DOE”) funds. These DOE funds are specifically designated for providing loan loss reserve facilities to support commercial property-assessed clean energy (“C-PACE”) projects, which are a fit within the broader NYGB portfolio. The DOE funds, together with all repayments and related fees over time, must remain segregated and available only for the particular purposes originally intended.

20 Where “Committed Funds” means, in any period, the aggregate funds to be provided by NYGB pursuant to fully negotiated client and partner financing agreements executed in that period, without such funds having yet been Deployed, expressed in dollars. “Committed” has a corresponding meaning. See Metrics Plan, page 5.

21 Where “Deployed Funds” means, in any period, the aggregate funds that have been advanced by NYGB subject to the terms of fully negotiated client and partner financing agreements executed in that period, expressed in dollars. “Deployed” has a corresponding meaning. See Metrics Plan, page 6.

22 As the number of reported underlying (signed and closed) NYGB transactions grows, future Quarterly Reports will address concentration risks across those transactions/the portfolio. For the purposes of this Report, with only one transaction in respect of which capital is committed, a discussion of concentration risk is not included.

23 Estimates of the energy and environmental benefits associated with early committed funds (derived from the DOE) are under development and will be included in future Quarterly Reports.
### 4.0 Defined Terms & Glossary

“Advisory Committee” means the advisory committee of NYGB.

“Btu” means British thermal unit, a measure of heat energy in fuels.

“C-PACE” means Commercial Property Assessed Clean Energy.

“CHP” means combined heat and power.

“Commission” means the New York State Public Service Commission.

“DOE” means the United States Department of Energy.

“DPS” means the New York State Department of Public Service.

“Initial Capitalization Order” has the meaning given to that term in Section 1.0.

“Metrics” has the meaning given to that term in Section 1.0.

“Metrics Plan” has the meaning given to that term in Section 1.0.

“Milestones” has the meaning given to that term in Section 1.0.

“MMBtu” means million Btus.

“MW” means megawatt, a measure of installed energy generation capacity.

“MWh” means megawatt-hour, a measure of energy production.

“NYGB” means the New York Green Bank.

“NYSERDA” means the New York State Energy Research and Development Authority.

“Petition to Complete NYGB Capitalization” has the meaning given to that term in Section 2.0.

“Quarterly Reports” means the quarterly reports filed by NYGB with the Commission as contemplated in both the Initial Capitalization Order and the Metrics Plan.


“RFP” has the meaning given to that term in Section 2.0.

“RGGI” means the Regional Greenhouse Gas Initiative.