



NY Green Bank
A Division of NYSERDA

NY Green Bank

Metrics Plan 3.0 Stakeholder Input & Disposition

Case 13-M-0412

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1. Introduction

1.1 Overview

On January 21, 2016, the New York State Public Service Commission (the “**Commission**”) issued the “Order Authorizing Clean Energy Fund Framework” (the “**CEF Order**”).¹ The CEF Order required that NY Green Bank (“**NYGB**”) update the existing Metrics, Reporting & Evaluation Plan (generally, the “**Metrics Plan**”). In requiring a third version of the Metrics Plan, the CEF Order provides that in consultation with the New York State Department of Public Service (“**DPS**”) staff, NYGB and the New York State Energy Research and Development Authority (“**NYSERDA**”) “shall review the [Metrics Plan] to determine if other revisions are needed to properly track and assess NYGB progress on an ongoing basis”.² This review is to include input from stakeholders with the third version of the Metrics Plan being filed on June 20, 2016.³

In accordance with the CEF Order, NYGB conducted an extensive stakeholder input solicitation process during April and May 2016. This document both describes that process and reports on its outcome, and is being filed contemporaneously with the updated Metrics Plan as required by the Commission.

*This document is closely related to the “Metrics, Reporting & Evaluation Plan, Version 3.0”, filed with the Commission on June 20, 2016 (“**Metrics Plan 3.0**”).⁴ Consequently, defined terms used in the text of this document but not separately described have the meanings respectively given to them in Metrics Plan 3.0.*

1.2 Background to the Metrics Plan

The Metrics Plan was initially developed in collaboration with DPS in accordance with the requirements of the “Order Establishing New York Green Bank and Providing Initial Capitalization”, issued and effective December 19, 2013 (the “**Initial Capitalization Order**”).⁵ The Initial Capitalization Order directed that:

“**NYSERDA** shall collaborate with **DPS** Staff to develop metrics for the evaluation of [NYGB’s] performance in meeting the State’s clean energy and energy efficiency goals, as well as metrics for evaluating operational performance, risk management, and financial and market metrics, and a proposal for reporting [NYGB’s] performance against those metrics. **NYSERDA** and Department of Public Service Staff should also provide an opportunity for other parties to offer input. **NYSERDA** shall file these metrics no later than six months after the date of this Order.”⁶

As noted in the original Metrics, Reporting & Evaluation Plan (“**Metrics Plan 1.0**”), that document incorporated “research of other best practices related to measuring effectiveness of public financing initiatives and analogous public-private partnership models”.⁷ In addition, stakeholder input was sought and incorporated into Metrics Plan 1.0, with such input being gathered primarily through a Technical Conference held on May 29, 2014. All feedback was reviewed and addressed to the greatest possible extent in Metrics Plan 1.0, which was filed with the Commission on June 19, 2014.

In addition to the requirement to fully review the Metrics Plan, the CEF Order required – as an interim step – that NYGB file an updated version of such plan with the Commission “which shall include first year energy savings, in addition to lifetime energy savings”, in all Transaction Profiles and Quarterly Metrics Reports.⁸ The revision to the Metrics Plan (“**Metrics Plan 2.0**”), was filed with the Commission on February 22, 2016, adding first year energy savings as directed, but making no other changes to Metrics Plan 1.0.

¹ Cases 14-M-0094 *et al.*

² See Ordering Clause 36, page 112.

³ *Ibid.*

⁴ Case 13-M-0412.

⁵ *Ibid.*

⁶ Ordering Clause 7, page 25.

⁷ See page 2.

⁸ See Ordering Clause 35, page 112.

1.3 Evolution of Metrics Reports

Since June 2014 when Metrics Plan 1.0 was filed with the Commission, there have been additions to, and clarifications of, the information that NYGB periodically provides in its public filings – particularly in Quarterly Metrics Reports. These changes to reporting have been made over time to enhance transparency and reflect:

- (a) NYGB's business and reporting experience since inception, and particular improvements and clarifications stemming therefrom; and
- (b) Ongoing feedback from both DPS and stakeholders, particularly related to investment process and better visibility into the size and composition of NYGB's Active Pipeline and Investment Portfolio in each reporting period.

Consequently, NYGB's reporting obligations pursuant to Metrics Plan 1.0 and Metrics Plan 2.0 have been superseded by evolving reporting practices. Creation of Metrics Plan 3.0 provides the opportunity to realign NYGB's reporting obligations set out in the Metrics Plan with current needs.

2. Stakeholder Input Process

To provide maximum opportunity for interested parties to give input into Metrics Plan 3.0, in Spring 2016 NYGB organized and hosted a number of focus group sessions in Albany and New York City. NYGB issued invitations to participate in these sessions to stakeholders and entities that have been active in the NYGB and CEF proceedings, as evidenced by their comments in connection with NYGB metrics, reporting and transparency issues⁹, as well as to other interested parties.¹⁰ In addition, NYGB organized and hosted a public meeting and webinar on May 6, 2016, notice of which was posted on the [DPS website](#) and sent directly to the party lists in Commission Cases 13-M-0412 and 14-M-0094, as well as being available on [NYGB's website](#). DPS staff were invited to, and attended, each outreach session. Before each meeting, potential attendees were provided with links to Metrics Plan 2.0, together with Quarterly Report No. 1 (Through September 30, 2014) and Quarterly Report No. 6 (Through December 31, 2015) as suggested preparation for the discussion. NYGB provided confirmed attendees with a presentation designed to both aid the discussion of NYGB's Metrics at the various meetings and encourage feedback. NYGB solicited further input on the issues during meetings as well as in writing, with any additional written comments due by May 9, 2016. No written comments were received.

NYGB received a large volume of constructive feedback through the stakeholder input process and appreciates the interest and engagement of all individuals and organizations who participated. NYGB has reviewed and assessed in detail every comment provided during the stakeholder process in preparing Metrics Plan 3.0, with a view to both:

- (a) Addressing all concerns to the greatest possible extent, and identifying areas where further improvements to the Metrics Plan (or otherwise) can be made; and
- (b) Seeking to balance needs around stewardship of public funds, organizational mission, transparency, accountability, and confidentiality, among other key factors.

⁹ In the public record for Cases 13-M-0412 and 14-M-0094.

¹⁰ NYGB sent invitations to ~150 individuals and entities. All participants in the outreach sessions represented key stakeholder organizations and interests.

3. Stakeholder Input – Response & Disposition

3.1 Key Takeaway

In addition to the specific comments received by NYGB in connection with the Metrics Plan as referenced in [Section 3.2](#), session participants' overarching message was that information presented in Quarterly Metrics Reports was not always easy to find or follow. Stakeholders seek a reporting approach that clearly lays out NYGB activity and progress with related data clearly associated in periodic reports, so that readers do not have to search for interrelated data that may be included in a dispersed way.

As noted in Metrics Plan 3.0 filed with the Commission¹¹, the reorganization, simplification and clarification of the Metrics Plan has sought to preserve the key informational attributes of prior versions, while both making the data presented more accessible, and supplementing it to give as complete a picture of performance as possible. The revised Metrics Plan also seeks to maintain a focus on the core areas identified by the Commission in the Initial Capitalization Order¹², namely operational deliverables, risk management, financial and market metrics and energy and environmental benefits.

3.2 Central Themes

All stakeholder feedback received has been grouped by theme into the following categories:

1. Transaction Information & Profiles, including in relation to access to individual investment and project information, standardization across profiles, energy and environmental benefits, administrative costs and mobilization of other capital;
2. Measuring Success, including addressing installed energy and environmental benefits, observations on Quarterly Metrics Reports and Annual Financial Metrics Reports, and impact and market evaluations;
3. Pipeline Information, including in connection with illustrating certain key attributes (e.g., by technology, geography and end-user segments) and investment criteria and timing;
4. LMI/Multi-Family End-User Segments; and
5. Certain Financial & Risk Management Metrics, including with respect to total, authorized and available capital measures, the relationship between committed and deployed funds and completed projects, the role of ROI and the credit facility.

Within each category, specific comment areas are further identified and grouped by subject matter and then addressed. Each of the highlighted themes and issues, together with a description of how such matters are reflected in Metrics Plan 3.0, are discussed in the balance of this [Section 3.2](#).

3.2.1 [Transaction Information & Profiles](#)

Access to Individual Investment & Project Information

Stakeholders expressed strong interest in receiving more detailed information about individual transactions. Pursuant to Metrics Plan 1.0, NYGB anticipated that individual investment data would not be directly available but instead be aggregated and anonymized before being disclosed at the portfolio level. Over time, in recognition of stakeholder interest in seeing more transaction details, Transaction Profiles have evolved to be the primary

¹¹ See Section 1.2, pages 1 – 2.

¹² Case 13-M-0412. See Ordering Clause 7, page 25.

vehicle through which such data is provided. Metrics Plan 3.0 outlines the content of each Transaction Profile, as well as requiring that each such document is publicly available through:

- (a) Posting on NYGB's website within a reasonable period after a transaction closes¹³; and
- (b) Inclusion as an exhibit to the Quarterly Metrics Report for the period in which the transaction was executed.

While appreciative of the increased transaction disclosures, some stakeholders expressed interest in access to full transaction data for each investment including, potentially, the periodic reports on counterparty businesses and projects that NYGB may receive pursuant to the terms of transaction documentation. While stakeholder interest in full project details is understandable, this information can constitute proprietary and competitively sensitive data.

NYGB can only be successful where private sector parties readily engage with it to increase clean energy investments in New York State. Without private sector participation, NYGB will be fundamentally unable to realize its mission of mobilizing significant private capital, alongside public funds, to achieve the identified energy and environmental objectives. Consequently, in its revisions to Metrics Plan 3.0 (and responses to stakeholder comments), NYGB seeks to strike a balance between private sector expectations (in particular around safeguarding competitive information) and NYGB's role as a prudent steward of considerable public funds.

Standardization Across Profiles

One stakeholder noted that it would be helpful if the "Market Barriers" section of the Transaction Profiles used standard categories if possible. As Transaction Profiles have evolved from being an internal document (and the basis for the collection of aggregated data), to publicly-available descriptions of individual investments, their content also continues to evolve, including to support greater standardization and comparability across different transactions. While no specific language is included in Metrics Plan 3.0 to address this point, NYGB seeks to foster standardization across documents as its Investment Portfolio grows and the number of publicly-available Transaction Profiles commensurately increases. NYGB anticipates further standardization and simplification of information presented in Transaction Profiles as the form of these documents continues to evolve.

Energy & Environmental Benefits

In addition to estimated gross lifetime and first-year benefits currently included in the Metrics Plan, Stakeholders requested metrics regarding implementation status for underlying projects within each of NYGB's investments, together with installed environmental and energy metrics for each transaction.

Metrics Plan 3.0 requires that Quarterly Metrics Reports contain "[i]nformation on the Investment Portfolio, Active Pipeline and operational matters (incorporating appropriate summary narrative and illustrative figures as needed)", among other items.¹⁴ In each Quarterly Metrics Report (commencing with Quarterly Report No. 7 (Through March 31, 2016) filed on May 16, 2016 and reflecting revisions directly in response to stakeholder input), a section of the report addresses NYGB's Investment Portfolio, including a narrative of the current status of each investment. In addition, Metrics Plan 3.0 now also requires the annual reporting of installed energy and environmental benefits across the Investment Portfolio.¹⁵ These changes should assist the Commission, all stakeholders and the general public in tracking the progress of NYGB investments in delivering installed energy and environmental benefits against estimates.

In further response to stakeholder comments, it should be noted that Transaction Profiles have also developed to provide information about the short, mid and long-term progress indicators used by NYGB to ensure that each investment (and in turn, the underlying projects) is being implemented as broadly as expected. These indicators are developed with NYSERDA staff (who bring the perspective of consistency where appropriate across all

¹³ See www.greenbank.ny.gov/Investments/Transaction-Profiles.

¹⁴ See Section 2.2.1, at page 3.

¹⁵ See Section 2.2.2, at page 5.

initiatives included in the CEF) and will be used to inform impact evaluations (as further discussed in [Section 3.2.2](#)). Counterparties are required to periodically provide NYGB with project data pursuant to reporting covenants included in transaction documents. For the reasons already noted, while the terms and details of investments/underlying projects are commercially sensitive and subject to confidentiality provisions, NYGB's ongoing portfolio management includes close monitoring of performance to confirm that all investments are being implemented as planned, allowing NYGB to deliver on its overall mission and Business Plan.

Additional commentary with respect to installed energy and environmental benefits is also included in [Section 3.2.2](#).

Administrative Costs

A stakeholder requested the inclusion of clear administrative cost information in NYGB Metrics, so that the effect of such costs (both at the Investment Portfolio and individual investment levels) on things like mobilization of other capital (for example), could be clearly seen.

Metrics Plan 3.0 reflects a significant overhaul of Quarterly Metrics Reports, including a revised and expanded quarterly Metrics table.¹⁶ New items to be reported include Authorized Administrative Expenses, Authorized Evaluation Expenses, Cumulative Operating Expenses (bifurcated between Direct Operating Expenses and Allocated Expenses) and reporting Mobilization Ratio more frequently on a quarterly, not annual, basis. These changes are intended to make tracking of expenses at the Investment Portfolio level easier. In addition, the calculation of Mobilization Ratio makes clear that leverage reported represents NYGB's total investments as a proportion of cumulative total project costs. In this context, it should be noted that there is no separate, transaction-level administrative cost that is incurred. On a project-by-project basis, consistent with usual commercial practice in financing and investment sectors, each project has an approved total cost, by reference to which all aspects of the capital structure (i.e., equity, debt, etc.) are sized. There is no separate category of administrative costs on a project basis that would serve to dilute mobilization ratios.

Mobilization of Other Capital

Related to the preceding point, some stakeholders requested that NYGB identify the amount of non-NYGB capital in each Transaction Profile to allow independent calculation of the overall Mobilization Ratio in Quarterly Metrics Reports. Information regarding non-NYGB capital mobilized by transaction is now being incorporated into Transaction Profiles (subject to the review by, and concurrence of, NYGB's counterparties).

Some stakeholders also requested that NYGB provide additional summaries of Total Project Cost and/or Mobilization Ratio by categories, such as project type. Metrics Plan 3.0 includes amendments to quarterly Metrics to require disclosure of the components (i.e., as listed in the "Investment Portfolio" section of Table 1 in Metrics Plan 3.0)¹⁷ relevant to the calculation of Mobilization Ratio, including All Investments (Total) made by NYGB and the corresponding Total Project Costs (Cumulative). This provides stakeholders with the requested visibility into NYGB data and is consistent with the leverage and mobilization approach presented in the market assessment entitled "NY Green Bank Final Report" dated September 3, 2013 and included in the "Petition of the New York State Energy Research and Development Authority to Provide Initial Capitalization for the New York Green Bank" filed with the Commission on September 9, 2013.¹⁸

Since NYGB seeks to maximize the leverage of private capital overall in the context of being market-focused and market-responsive, NYGB intends to focus on metrics that track the effectiveness of NYGB market engagements to advance public policy, and will look to the creation of other metrics in the future as market and policy circumstances evolve.

¹⁶ See Table 1, at pages 3 - 5.

¹⁷ *Ibid.*

¹⁸ Case 13-M-0412.

3.2.2 Measuring Success

Installed Energy & Environmental Benefits

One of the repeated themes in the stakeholder feedback received is that information is needed about the installed environmental impacts of projects supported by NYGB investment. As mentioned above, Metrics Plan 3.0 directly addresses this by including a new requirement for installed energy and environmental benefits to be reported across the Investment Portfolio as set out in Section 2.2 and Table 2 of Metrics Plan 3.0.¹⁹

Metrics Plan 3.0 contemplates three different approaches to energy and environmental benefits:

- (a) Estimated/forecasted gross benefits, available at the time of execution of an investment and included in the corresponding Transaction Profile;
- (b) Installed benefits, commencing with completed deployment of equipment, as reported by NYGB counterparties to NYGB, to be reported by NYGB annually and used to confirm progress against estimates²⁰; and
- (c) Evaluated benefits, once verified through evaluations arranged by NYSERDA.

Consistent with Metrics Plan 3.0, the identified energy and environmental benefits (e.g., energy saved by fuel type from energy efficiency projects (MWh/MMBtu), clean energy generated (MWh), primary energy saved from CHP (Btu), clean energy generation installed capacity (MW), and lifetime GHG reductions (metric tons)) will be factored into impact evaluation of NYGB's Investment Portfolio over time, as discussed further below. Once NYGB's Investment Portfolio has reached a critical mass and has had the opportunity to mature, reported installed energy and environmental metrics can be expected to provide an increasingly solid basis on which to assess NYGB's contribution toward achieving New York's clean energy goals.

Observations on Quarterly Metrics Reports & Annual Financial Metrics Reports

During a discussion of the use of Quarterly Metrics Reports and Annual Financial Metrics Reports to track and measure NYGB's success in achieving its mission and contribution to New York's achievement of REV goals, various stakeholder observations and comments were offered as follows, with NYGB summary responses (where needed) noted directly below:

- (a) Reporting to date has been process-oriented and introspective, rather than telling a whole story, including a focus on implemented projects.

The Metrics Plan 3.0 restructuring was undertaken with this observation in mind to make reporting more clear and concise in terms of indications of activity and progress. In connection with details on implemented projects and as mentioned above, Metrics Plan 3.0 contemplates that this information will be provided quarterly in the narrative section of each Quarterly Metrics Report addressing NYGB's Investment Portfolio.

- (b) The start-up phase of NYGB is the most challenging time for evaluation metrics, as the underlying projects are not yet implemented.
- (c) Proposed annual updates regarding installed energy and environmental benefits are sufficient; quarterly updates likely to be burdensome without generating additional useful information.
- (d) Annual Financial Metrics Report should include a summary of the metrics that are reported quarterly –

¹⁹ See page 5.

²⁰ If there are any material variances (positive or negative) between estimated and installed benefits, underlying causes will be identified and discussions had with NYGB counterparties as to whether estimates need to be revised. Any such revisions will be included in subsequent periodic reporting as appropriate.

especially the energy and environmental metrics. Further, the comment was made that NYGB should consider a more narrative annual report, which gives a complete picture of the year's events, rather than focusing specifically on the financial metrics.

The Annual Financial Metrics Report is part of a suite of periodic Metrics reports, as set out in Metrics Plan 3.0, designed to report data and progress based on appropriate performance indicators. As such, the Annual Financial Metrics Report is not intended to fulfill the function of a corporate or agency "annual report". Quarterly Metrics Reports include a large volume of cumulative and comparative data (including energy and environmental benefits), so at the end of each quarter, cumulative NYGB activity and progress can be seen without the need for a further annual summary. NYGB's Business Plans, which are also filed with the Commission, provide details of NYGB activity and progress on an annual basis.

Impact Evaluations

A key mechanism for assessing NYGB's success in contributing to the State's clean energy goals are impact evaluation activities. As set out in Metrics Plan 3.0, impact evaluation will "validate the overall energy, environmental and economic impacts attained through investment of NYGB funds. Impact evaluation will ensure appropriate accountability for these key metrics and will use the most cost-effective and least burdensome methods (for both NYGB and counterparties)."²¹

The following stakeholder feedback was received in connection with impact evaluation and NYGB's corresponding responses are noted directly below:

- (a) A preference for more detail being provided in the Metrics Plan about impact evaluation components.

Metrics Plan 3.0 has been amended to include additional detail. For energy efficiency investments, impact evaluation will follow industry standard approaches as defined by the International Performance Measurement & Verification Protocol ("IPMVP") and other industry standards/best practices, and will be conducted in a manner consistent with other ratepayer funded programs. IPMVP offers current best-practice techniques to quantify the energy savings performance of energy efficiency measures for various types of projects. Best-practice approaches generally applicable to NYGB projects can be described in two categories: retrofit isolation and whole facility. The retrofit isolation approach examines certain equipment or systems that have been impacted by the energy-efficiency project. The whole facility approach more broadly considers change in total energy use and de-emphasizes the performance of any specific equipment. For renewable energy projects, namely solar photovoltaic ("PV") and wind, metering is expected to be in place in the majority of cases and will be used to determine electricity production (either through meter reads or through utility bill analysis), to the greatest possible extent. Where such meter readings or bill analysis are not possible, requisite data will be extrapolated from a sample of projects.

- (b) Emphasis of the importance for evaluations to involve third party, independent review as much as possible.

NYSERDA engages competitively-selected third party evaluators. Further, Metrics Plan 3.0 states that third party, independent evaluators will be used for both impact and market evaluation, as far as possible.²² NYSERDA is in the process of procuring a pool of qualified evaluation consultants to serve NYGB and other CEF evaluation needs. These consultants are expected to be under contract by the end of 2016 and be available to begin impact evaluation work and market baseline work at an appropriate time for NYGB and its growing Investment Portfolio.

- (c) A question was raised in connection with the possibility of identifying an appropriate and meaningful evaluation measure for additionality. Stakeholders expressly recognized the inherent difficulties in encapsulating additionality in objective, quantitative metrics, and that programs and initiatives (i.e., international, federal, state) that have additionality criteria routinely reference them in qualitative, narrative

²¹ See Section 3.2 of Metrics Plan 3.0, at pages 6 - 7.

²² See Section 3.1, at page 6.

terms. Stakeholders agreed that to their knowledge, there was not yet a good precedent, although they did reference recent efforts of the Connecticut Green Bank and the California Alternative Energy and Advanced Transportation Financing Authority in this regard. Stakeholders concluded that time and effort is best applied to growing NYGB's Investment Portfolio and expanding its market activity, as well as avoiding issues like double-counting of benefits (discussed below).

As NYGB's portfolio continues to develop and become more established, NYGB will work with NYSERDA regarding the potential development of an objective and quantifiable additionality measure that is applicable and uniform across the CEF, including drawing on the comparable experience of third parties. While no specific revisions to Metrics Plan 3.0 have been made in this context, work in this area has begun and will continue.

- (d) Underscoring the importance of avoiding double-counting impacts at the NYSERDA/CEF-consolidated level from projects which may benefit from NYSERDA or other State incentives or programs, in addition to NYGB investment.

Metrics Plan 3.0 specifically reinforces and clarifies the process for ensuring that high level metrics will not double-count projects that benefit from NYGB investment as well as other NYSERDA or State program support.²³ The approach to avoid double-counting will involve both tracking and evaluating the occurrence of overlap (through a statistical sample).

- (e) Importance, particularly in energy efficiency projects, of being able to understand the depth of retrofits being made. Desire to see NYGB investments driving efficiency improvements to all types of building stock that are as deep and comprehensive as possible.

NYGB agrees with the sentiment expressed and its importance. NYGB's objective and practice, including as reflected in its business materials, is to support extensive and multi-faceted retrofits in relevant proposals. With respect to such opportunities, NYGB does this by providing investments which increase financing amounts or durations so as to permit deeper retrofit projects to be implemented than might otherwise be supported by the commercial markets.

- (f) Interest in seeing more detail relating to NYSERDA's specific energy and environmental benefit calculations, across different technologies and types of projects, including baseline assumptions and conversion factors.

Going forward, Transaction Profiles will include information on the baseline against which energy and environmental benefits are being estimated in the particular investment. Up to this point, baseline determinations have included both replace-on-failure and early-replacement scenarios, and have been (and will continue to be) based on the most appropriate approach for the investment under consideration. NYGB works with NYSERDA staff and utilizes program experience to inform baseline development.

Market Evaluations

One of NYGB's central goals – as reflected in its mission statement – is to transform the clean energy finance market in New York State. As set out in Metrics Plan 3.0, market evaluation “will establish baseline levels for key indicators of market change (e.g., addressing market barriers and financing gaps, and awareness, knowledge, and investor confidence related to financing clean energy projects) as NYGB continues to grow its Investment Portfolio and activity in the market.”²⁴

The following stakeholder comments were received in the context of market evaluations and NYGB's corresponding responses are noted directly below:

- (a) A preference for more detail being provided in the Metrics Plan about market evaluation components.

²³ See Section 2.1, at pages 2 - 3.

²⁴ See Section 3.3, at page 7.

Metrics Plan 3.0 has been revised to include additional detail. The establishment of market baseline levels and tracking of progress over time for key indicators of market change will be accomplished using secondary data and primary data sources, and will be conducted in a manner consistent with other ratepayer funded programs. Secondary data will be sought wherever possible and supplemented with primary data collection. Primary data collection will mainly use social science methods (e.g., surveys, interviews, and sampling approaches) to collect data on the current and evolving state of the market.

- (b) A request that market evaluations be carried out as early as possible.

Metrics Plan 3.0 contemplates that market evaluation activities will begin in the period 2017 – 2019 and be informed by the business experience of NYGB in its early years of full operations.²⁵ NYSERDA and NYGB are very focused on obtaining market evaluation results, as an important input to NYGB's business and strategy and an indication of NYGB's progress in achieving its mission. In all its evaluation work for the CEF and in supporting NYGB evaluation, NYSERDA will seek to strike an optimal balance between producing real-time performance information and having an adequate length of time to assess energy, environmental and market impacts. Given that the NYGB model is a novel one for State programs and involves, by definition, transactions at the near-frontier of what private sector participants are familiar with, implementing this new model fully and crowding-in private sector financing at significant scale takes time. Consequently, market evaluation activities are expected to be most reliable and useful once NYGB has had some years of activity in, and ability to exert influence upon, the market. The Metrics Plan 3.0 proposed timing for market evaluations is unchanged.

- (c) A suggestion that market evaluations should be structured as much as possible to recognize NYGB's important role in advising projects and helping structure transactions that may go on to use entirely private capital (including benefits from the clean energy finance skills of NYGB staff in connection with State policy and analysis). In addition, it would be helpful if evaluations were able to quantify the extent to which NYGB activities may initially open areas of clean energy development that in future go on to be completely financed in private markets.

Market-opening and growth activities of NYGB do impact the markets not just in terms of the investments in which NYGB participates directly, but over time in all the similar transactions that follow, providing even greater returns on the ratepayer dollars put to work by NYGB. These issues will be addressed in the scoping of market evaluations at the relevant time and so are not specifically incorporated in Metrics Plan 3.0.

- (d) An expressed interest in knowing about transactions that are not funded by NYGB. This would not be needed on an individual proposed investment basis, but perhaps in categories to inform stakeholders about opportunities presented to NYGB that are ultimately not funded.

There are a number of reasons why a proposal received by NYGB may not ultimately result in a closed investment, including that: (i) as a threshold matter, the proposal is incomplete or the proposed transaction fails, on its face, to meet NYGB investment criteria; (ii) NYGB's participation in the early stages of structuring and advancing a transaction actually allows its counterparties to secure funding exclusively from the private sector without the need for NYGB participation (i.e., "early successes"); and (iii) consistent with general investment and financing experience, a small number of transactions do not reach closing because agreement is not reached on the myriad of commercial terms in all the separate agreements between the project participants to make the project commercially viable.

NYGB's experience to date is that only a small proportion of all proposals received do not meet threshold requirements – in part because proposing an investment to NYGB requires time, effort and demonstration that key project aspects and counterparties are already being put in place, imposing an effective self-selection filter. There have been a few transactions that fall into the category of early successes described above and these situations are typically documented in the narrative portion of the Quarterly Metrics Reports and are

²⁵ *Ibid.*

also described on NYGB's website at www.greenbank.ny.gov/Investments/Portfolio-and-Pipeline and in the [Business Plan](#). Since inception, there have been no transactions that fall into the category of sub-clause (iii) above.

As part of NYGB's ongoing operations and Pipeline and Investment Portfolio management, NYGB is attuned to developing trends and indicators across the lifecycle of its investments. As NYGB matures further, to the extent that the number and type of proposals that do not progress to closed investments becomes material and there are insights to be drawn as to underlying causes and any corresponding conclusions, NYGB will report these observations as part of its quarterly filings.

3.2.3 Pipeline Information

Quarterly Metrics Reports to date have contained an increasing amount of information about NYGB's pipeline of proposed investments, in narrative, data table and graphical form. Consistent with general stakeholder comments, Metrics Plan 3.0 reflects significant changes targeted towards grouping such information more clearly, including in the "Investment Pipeline" section of Table 1²⁶ and in Section 2.2.²⁷

Representing Pipeline Key Attributes

Graphics have been used in past Quarterly Metrics Reports to illustrate the distribution of investment proposals received by NYGB by technology, geographic location and end-user. Stakeholders suggested that this information would be more useful if focused on NYGB's Active Pipeline, noting that such information for transactions in NYGB's Investment Portfolio is already available in Metrics tables and Transaction Profiles. In response to such input, NYGB intends to implement revisions to the informational graphics in the Quarterly Metrics Reports. In particular, NYGB is considering the inclusion of charts showing distributions of the Active Portfolio as suggested. NYGB agrees that it would be more meaningful for stakeholders to see the various distributions based on proposed projects that have met NYGB's mandate and evaluation criteria and are actively moving forward.

Investment Criteria & Timing

Stakeholders discussed the need for more specificity about the criteria used by NYGB in accepting proposed transactions into its process, and for more information about the typical timeline for progressing individual transactions.

NYGB specifies requirements for proposed investments in applicable requests for proposal – for example its first [Investment Request for Proposals](#), publicly available on NYGB's website. This information, together with details of NYGB's investment process and indicative timing, has been included in NYGB's [Business Plans](#), prior Quarterly Metrics Reports and other publicly available documents available at www.greenbank.ny.gov/About/Public-Filings. As a result, it is not proposed to further modify Metrics Plan 3.0.

3.2.4 LMI/Multi-Family End-User Segments

Stakeholders acknowledged that the unique nature of NYGB's market-focused and market-responsive mission means that NYGB does not earmark capital for particular types of transactions. However, some stakeholders stated that they would appreciate indications of the extent to which NYGB investments impact LMI and multi-family end-user segments.

NYGB continues to look for ways to enhance reporting around LMI and multi-family end users – which in all cases will be driven by NYGB's counterparties self-reporting on LMI and multi-family components included in proposed investments. While the ability to provide this information varies considerably across transaction counterparties and deal structures, NYGB is investigating ways to motivate and capture such self-reporting in its proposal

²⁶ See Section 2.2, at pages 3 - 5.

²⁷ *Ibid.*

submission process so that in future it is able to provide an indication of how many transactions/investments involve an LMI and/or multi-family aspect. This will be done outside of the requirements of Metrics Plan 3.0 with the results potentially incorporated into future Quarterly Metrics Reports.

3.2.5 Certain Financial & Risk Management Metrics

Comments were received pertinent to certain of NYGB's financial and risk management metrics as discussed below.

Total, Authorized & Available Capital Measures

Some stakeholders focus on Authorized Capital, while others are interested in both Available Capital and Authorized Capital. One stakeholder raised the creation of a new metric to compare NYGB's Current Portfolio (and potentially also Active Portfolio) to Available Capital.

As mentioned above, Metrics Plan 3.0 contains significant revisions to the quarterly Metrics contained in Table 1. Both Authorized Capital and Available Capital are included (with Authorized Administrative Expenses and Authorized Evaluation Expenses delineated), providing more definition to the initial comparable metric of "Total Capital" (contained in Metrics Plan 1.0 and 2.0) and reflecting improvements made to Quarterly Metrics Reports over time. Metrics Plan 3.0 also includes detailed data relating to the NYGB Investment Portfolio, including a Commitment Ratio, which gives a quarterly measure of the proportion of then-available funds that are invested in NYGB's Current Portfolio. Metrics Plan 3.0 also clearly identifies Active Portfolio and Available Capital data points, allowing easy review and comparison by interested parties.

Relationship Between Committed & Deployed Funds & Completed Projects

Some stakeholders questioned whether an amount of Deployed Funds that is less than Committed Funds signifies projects are not progressing, while others (as noted previously) requested additional disclosures in Quarterly Metrics Reports to provide details of specific progress of the underlying project(s) corresponding to each NYGB investment.

In the normal course of managing its Investment Portfolio, and pursuant to executed contractual arrangements, NYGB periodically deploys funds to its clients for the specific clean energy purposes of each transaction. Deployments are reflected in Quarterly Metrics Reports (i.e., in Deployed Funds). Many NYGB investments relate to distributed generation or energy efficiency finance – which is all about funding portfolios of projects. Once an investment closes, developers begin implementing projects and drawing down on capital over time. These financings are "delayed draw" by design, in that funds are not Deployed until project sponsors meet certain development milestones over a time period necessary to originate, develop and construct a large number of smaller, distributed clean energy projects. NYGB also enters into transactions that are not expected to be funded, such as those involving credit enhancements that comprise a contingent obligation for NYGB, and where NYGB capital is only drawn if a contingency is triggered. Therefore, while over time the amount of Deployed Funds reported will increase, it will likely never equal Committed Funds. Deployed Funds continues to be a meaningful metric of NYGB's growing Investment Portfolio where the sum of Committed Funds and Deployed Funds at any time equals NYGB's Current Portfolio, as set out in Metrics Plan 3.0.

As mentioned above, Metrics Plan 3.0 contemplates a narrative section in each Quarterly Metrics Report that will summarize the then key developments and status of each NYGB investment.

Role of ROI

One stakeholder suggested that NYGB reconsider using ROI as a metric if that criterion is resulting in NYGB turning away environmentally important opportunities.

Metrics Plan 3.0 continues to require reporting of ROI as part of each Annual Financial Metrics Report. ROI remains an important performance metric that is well-understood and expected by investors to see that invested funds are generating positive returns. Positive returns are necessary to demonstrate that NYGB is meeting one

of the key requirements of the Commission: becoming and remaining self-sufficient by covering NYGB's costs of doing business while preserving the public capital allocated to it for clean energy investments in the State. That said, NYGB's criteria in evaluating potential investments is neither solely nor predominantly dependent upon ROI. NYGB's evaluation criteria embody the requirements of the Commission set out in various Orders and are reflected in NYGB's [Business Plans](#) and [Investment Request for Proposals](#).

Credit Facility

Stakeholders acknowledged and approved of NYGB's intent to enhance Metrics Plan 3.0 to include reporting around the Credit Facility (if and when in place). Metrics Plan 3.0 has been revised to include new metrics regarding the Credit Facility including Credit Facility Amount, Credit Facility Drawn Amount and Credit Facility Fees & Interest (Cumulative).²⁸

4. Conclusion

NYGB appreciates the time taken by stakeholders to participate in its Metrics outreach process. Stakeholder input has been invaluable and resulted not only in important improvements to Metrics Plan 3.0, but also to the most recent Quarterly Metrics Report filed on May 16, 2016.

In summary, Metrics Plan 3.0 represents a significant amendment, designed to:

- (a) Respond to the feedback received;
- (b) Update the Metrics Plan to reflect, in a logical, consolidated manner, the numerous evolutions in NYGB's reporting since 2014; and
- (c) Better define and clarify the specific contents and form of each periodic filing, to support:
 - i. Consistency in data collection and presentation, allowing for more meaningful and direct comparisons by all stakeholders and other interested parties; and
 - ii. Streamlined production of reports, to enhance NYGB efficiencies.

The Commission and NYSERDA continue to play critical roles in evaluating the activities of NYGB and ensuring that the State's ratepayers are receiving the intended benefits from investment of their funds. NYGB has sought to deliver better and more informative Quarterly Metrics Reports over time, and to revamp Metrics Plan 3.0, to provide better information to evaluate NYGB's performance. NYGB's ability to deliver on its mission to leverage private capital and accelerate the deployment of clean energy in New York State – for the benefit of all ratepayers – depends upon ongoing broad and deep private sector engagement. Metrics Plan 3.0 has been designed to emphasize and balance the commercial considerations of NYGB's private sector counterparties alongside the necessities of prudent stewardship of public funds, accountability and transparency.

²⁸ See Table 1, at pages 3 - 5.