

Accelerating LMI Clean Energy Investment in New York State

Inclusive Prosperity Capital, Inc.

In March 2020, NY Green Bank (“NYGB”) provided a \$25.0 million senior secured, multi-draw credit facility (the “Facility”) to Inclusive Fund I, LLC (“Borrower”), which is owned by Inclusive Prosperity Capital, Inc. (“Sponsor” or “IPC”). Borrower will invest Facility proceeds in underlying energy efficiency, solar, and other sustainable infrastructure transactions (each an “Eligible Project”) that will benefit low- and moderate-income (“LMI”) communities and underserved markets. This transaction is expected to drive increased Sponsor investment in New York State (“NYS” or the “State”), drawing in other capital sources and resulting in the deployment of total clean energy project costs that amount to at least \$50.0 million in aggregate.

Transaction Description

IPC is a mission-driven specialty finance organization that seeks to increase clean energy investment in underserved markets, including a particular focus on LMI communities. NYGB entered into a \$25.0 million Facility with Borrower to support IPC’s programmatic origination and execution in New York State. By providing expanded financing options to underserved market segments, NY Green Bank seeks to accelerate access to affordable, clean energy and to help advance New York State’s broader climate goals. LMI communities are expected to be the primary beneficiaries of this transaction in the form of broader access to clean energy and energy efficiency projects, with corresponding resiliency, affordability, improved health outcomes, and environmental benefits.

This transaction develops a scalable, replicable financing structure that capital providers can use to (i) underwrite portfolios of sustainable infrastructure projects with various underlying counterparties and (ii) develop a track record for impact-oriented institutional investment in clean energy. Given IPC’s mission, this transaction enables increased capital deployment for clean energy in LMI communities, underserved markets, and a wide range of customer types (e.g. commercial, industrial, municipal, non-profits, institutional, and single and multifamily residential properties). By providing liquidity to these underserved market segments, NYGB will expand access to affordable, clean energy, advancing the environmental justice initiatives outlined in the Climate Leadership and Community Protection Act.

This Transaction Profile is provided pursuant to the “NY Green Bank – Metrics, Reporting & Evaluation Plan, Version 3.0” (the “Metrics Plan”) developed in collaboration with the NYS Department of Public Service and filed with the Commission on June 20, 2016.¹ This Transaction Profile contains specific information in connection with the IPC transaction entered into on March 18, 2020, as required by the Metrics Plan.²

Form of NYGB Investment

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

Location(s) of Underlying Project(s)

Multiple Regions. The Eligible Projects are expected to be located in New York City as well as other Regions across the State.

¹ Case 13-M-0412.

² See Section 4.0, page 8 and Schedule 3.

Types of Client & Counterparty Organizations that are Transaction Participants

	Name	Participant Type
Borrower	Inclusive Fund I, LLC	Borrower
Counterparties (current)	Inclusive Prosperity Capital, Inc.	Sponsor

Summary of Financing Market Objectives & Barriers Addressed

Beneficiary	Market Barrier	Financing Solution
Capital Market Participants	Many capital market participants are not deeply acquainted with underwriting clean energy investments with a wide range of customer types, and are even less familiar with such projects targeting LMI customers.	This transaction develops a scalable, replicable financing structure that capital providers can use to (i) underwrite portfolios of relatively small sustainable infrastructure projects with various underlying counterparties and customer types and (ii) develop a track record for mission-driven institutional investment in clean energy and energy efficiency projects. NYGB's participation in this transaction should help demonstrate the feasibility and attractiveness of such investment opportunities and will ultimately help usher in greater amounts of private sector capital seeking to be more active in this market segment.
Underserved Market Segments	Underserved and LMI market segments face difficulties receiving cost-effective financing for their clean energy projects.	By providing liquidity to these market segments, NYGB will support increased access to affordable clean energy solutions for traditionally underserved communities, advancing the environmental justice initiatives outlined in the Climate Leadership and Community Protection Act. In addition, this transaction should help demonstrate the attractiveness of investing in such transactions which will broaden and increase the types of financiers and market participants focused on this end user group.
New Yorkers	There continues to be a shortage of precedent clean energy project investments to attract private capital. Limited precedent and track record lead to higher transaction costs, as lenders are less comfortable with less familiar counterparties and risk portfolios. This translates into higher costs for all and less optionality for LMI communities, and all New Yorkers.	By catalyzing investment in clean energy in NYS, NYGB is providing New Yorkers with greater choices and access to clean energy. This is because precedents and growing track records of certain transaction types help encourage more private sector providers to participate in future financings, and greater liquidity in the marketplace will ultimately result in reduced costs for all.

Technologies Involved

Technology	Measures
Renewable Energy	Solar photovoltaic systems
Energy Efficiency	Various: LEDs, HVAC, building envelope, CHP, etc.
Other	Anaerobic digesters, air-source heat pumps, geothermal, electric vehicle infrastructure

Metrics & Evaluation Plan

Planned Energy & Environmental Metrics

NYGB’s minimum investment criteria specifically require that “transactions will have the potential for energy savings and/or clean energy generation that will contribute to greenhouse (“GHG”) 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 on⁴:

- Energy savings from efficiency measures (electric) (MWh);
- Energy savings from efficiency measures (fuel) (MMbtu);
- Estimated gross lifetime and first-year clean energy generated (MWh);
- Estimated gross clean energy generation installed capacity (MW); and
- Estimated gross lifetime and first-year GHG emission reductions (metric tons).

The estimated gross lifetime and first-year energy and environmental impacts of the Facility are as follows:

Energy/Environmental Impact	Lifetime Low Estimate	Lifetime High Estimate	Annualized Low Estimate	Annualized High Estimate
Energy savings from efficiency measures (fuel) (MMbtu)	152.22	92,320.89	2,959.00	6,154.73
Clean, renewable energy generated (MWh) ⁵	415,424.68	1,030,230.82	16,616.99	41,209.23
Clean energy generation installed capacity (MW) ⁶	14.11	35.00		
GHG emission reductions (metric tons)	210,164.89	520,254.39	8469.48	20940.99

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 put in place, approximately three to five years following initial NYGB capital deployments. Market evaluation activities commenced in 2018 on sectors that have been supported by NYGB since its inception, and the data set will be updated going forward to include indicators specific to this and other transactions. Baseline data will be used as a comparison point against which to assess market progress in the later studies. Progress indicators are defined below for the short, mid and long-terms.

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 which it delivers.

Market evaluation will address the short, mid and long-term indicators identified above. Methods will include analysis of program data along with interviews and surveys of market participants (project developers, financial community) to track information including but not limited to NYS investment. As noted, baseline data was collected on key indicators in the 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 the performance of the projects invested in by IPC located in NYS. As with all NYGB investments, IPC investments receiving an incentive or funding from other entities (e.g., utility, other NYSERDA program) will be tracked, in accordance with the Metrics Plan, to minimize any double-counting

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, pages 2 - 6.

⁵ Installed clean energy generation capacity at full deployment of funds is the same for first-year and lifetime duration.

⁶ Clean, renewable energy generated (MWh) and clean energy generation installed capacity (MW) presented in this table reflect impacts associated with solar projects only.

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. Attempts will be made to coordinate market and impact evaluation activities for these projects that receive support from multiple sources in order to maximize the efficiency of data collection and avoid participant survey fatigue.