

Continued Support of Distributed Generation in New York State

True Green Capital Management, LLC

In December 2019, NY Green Bank (“NYGB”) committed up to \$20.0 million to participate in a syndicated term loan facility (the “Term Loan”) to a portfolio of community distributed generation (“CDG”) solar projects owned and operated by True Green Capital Fund III, L.P., an investment fund managed by True Green Capital Management LLC (“TGC” or the “Sponsor”). The financing was led by CIT Bank, N.A. (“CIT”). Term Loan proceeds are anticipated to support the development of 10 community solar projects in New York State (“NYS or the State”). This transaction is expected to provide NYS residents and businesses a greater variety of energy choices and, ultimately, lower-cost clean energy opportunities.

Transaction Description

NYGB is participating with CIT in the first NYS-only CDG portfolio financing arranged by a commercial bank. With its commitment to the Term Loan, NYGB expects to support up to 10 community distributed solar projects in NYS totaling up to 70.2 MW.

TGC is a specialized energy infrastructure asset management firm based in Westport, CT with over 550.0 MW of solar power plants operating or under construction across the U.S. This transaction provides liquidity to a Sponsor active in the NYS community solar market. Additionally, this transaction will help NYGB continue to demonstrate the viability of distributed generation in the State, draw new investors and financial institutions into the marketplace, and lower the cost of capital related to community distributed generation. Increased solar deployment will continue to drive activity in the State, which will help NYS meet its 6.0 GW solar target by 2025. Consumers are expected to be the ultimate beneficiaries in the form of broader access to lower-cost clean energy generation, with corresponding resiliency, affordability, choice, and environmental benefits.

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 TGC transaction entered into on December 27, 2019, as required by the Metrics Plan.

Form of NYGB Investment

NYGB Product	Product Sub-Type	Committed Capital
Asset Loan & Investment	Term Loan	\$20.0 million

Location(s) of Underlying Project(s)

Statewide.² The TGC projects are located NYSEG zones C and D.

¹ Case 13-M-0412.

² Defined as projects located in four or more regions of the State.

Types of Client & Counterparty Organizations that are Transaction Participants

	Name	Participant Type
Sponsor	True Green Capital Fund III, L.P.	Energy Project Owner and Operator
Lead Arranger	CIT Bank, N.A.	Commercial Bank

Summary of Financing Market Objectives & Barriers Addressed

Beneficiary	Market Barrier	Financing Solution
Solar Project Developers	Financing beyond construction is sometimes an inefficient use of sponsor equity, which limits project deployment efforts and effectively restricts the amount of distributed generation being deployed in NYS, slowing the rate of deployment.	This transaction encourages a more efficient use of sponsor equity and supports project development efforts in NYS by providing term financing to a project developer. NYGB's role helps to create an easier pathway forward for developers and enable greater deployment of community and other distributed generation assets throughout the State.
Capital Markets Participants	As a relatively new form of clean energy project, community distributed generation lacks financing precedents and has limited performance history in NYS. As such, it can be more difficult for private sector capital providers to assess and price the underlying risk exposures associated with distributed generation project investments.	Projects supported as a result of this transaction will generate project and customer performance data to draw new investors and financial institutions into the marketplace by demonstrating that competitive risk-return profiles can be achieved by distributed generation enabled business models.
Community DG Subscribers	Due to project siting, property ownership and consumer preference issues, on-site solar project installations may not be viable for many NYS homeowners, renters, and businesses. This limits the number of solar projects getting done to those with suitably sited homes or businesses.	This transaction supports the deployment of community distributed generation solar projects, which provide those who are not otherwise able to install solar energy generation systems on their property (e.g., homeowners whose rooftops cannot support solar systems, renters and those who cannot afford solar stand-alone systems), with increased access to clean, low-cost energy, regardless of where their home or business is located.

Technologies Involved

Technology	Measures
Renewable Energy	Solar photovoltaic systems

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 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:

- 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 Term Loan are as follows:

Energy/Environmental Impact	Lifetime Low Estimate	Lifetime High Estimate	First-Year Low Estimate	First-Year High Estimate
Estimated clean energy generated (MWh)	1,933,138.10	2,034,882.21	77,325.52	81,395.29
Estimated clean energy generation installed capacity (MW)	70.18	70.18	N/A	
Estimated GHG emission reductions (metric tons)	967,007.40	1,017,902.53	38,680.30	40,716.10

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.

Output indicators will identify early activity levels and will be regularly tracked for the duration of the transaction. These include, but are not limited to:

- Size (i.e., generation capacity and expected dollar value) and location of projects financed by the Term Loan;
- Aggregate expected energy generation for projects financed by the Term Loan; and
- The number of projects that finalize construction financing arrangements.

Mid and long-term indicators will be expected to show progress through program tracking or market evaluation over time. These include, but are not limited to:

- Market volume of distributed solar projects increases;
- General understanding of renewable energy benefits by financial community increases;
- Increased awareness and use of distributed subscriber performance data by financing entities;
- Increased awareness and use of project/technology performance data by financing entities;
- Demonstration of competitive risk-return profiles for distributed solar investment;
- Decreased project costs;
- Volume of secondary market financing of distributed solar assets increases; and
- Number of new lending participants.

Proposed Method of Outcome/Impact Evaluation (by NYSERDA) & Timeframe

NYSERDA will evaluate the direct and indirect impacts that this transaction has on the clean energy finance markets and the energy/environmental benefits delivered by this transaction.

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 subscribers, financial community) to

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.

track information including but not limited to: participation rates, project scale information, interest in new construction financing, and influence of NYGB's participation on financial markets. As noted, baseline data was collected on key indicators in the first phase evaluation during 2018 – 2019. Subsequent studies will assess progress against baseline levels for other market segments like New Construction. The specific timing of these efforts will be determined (and may be revised) on an ongoing basis as NYGB's investment portfolio continues to grow and evolve.

Impact evaluation will assess which of the projects funded under the Term Loan, once completed, commissioned, and placed in service.

As with all NYGB investments, TGC projects that receive an incentive or funding from other entities (e.g., utility, other NYSERDA program) will, in accordance with the Metrics Plan, be tracked in order 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. 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.