



New York Green Bank

Metrics, Evaluation & Reporting Plan

Case 13-M-0412

Outline

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- ✓ Progress to Date
- ✓ Risk Management Metrics
- ✓ Financial Metrics
- ✓ Market Metrics
- ✓ Energy & Environmental Metrics
- ✓ Evaluation Plan
- ✓ Reporting Plan
- ✓ Public Input & Questions

Background: NY Green Bank Mission

To accelerate clean energy deployment in New York State by working in partnership with the private sector to transform financing markets

- ✓ Key elements of NY Green Bank's mission:
 - Partnership with private sector participants (e.g., financing parties, developers);
 - Implementing structures that overcome barriers and address gaps in current clean energy financing markets; and
 - Transforming those markets by enabling greater scale, new and expanded asset classes and liquidity.

- ✓ These elements are aimed at:
 - Motivating faster and more extensive implementation of clean energy assets within New York State; and
 - Ultimately fostering greater energy choices, reduced environmental impacts and more green energy advantages per public dollar spent for the benefit of all New Yorkers.

Background: Proposals from private sector meeting investment criteria

At a minimum, NY Green Bank transactions will:

- ✓ Have **expected financial returns** such that the revenues of the NY Green Bank on a portfolio basis will be in excess of expected portfolio losses;
- ✓ Be expected to **contribute to financial market transformation** in terms of scale, improved private sector participation, level of awareness and confidence in clean energy investments, and/or other aspects of market transformation; and
- ✓ Have the potential for **energy savings and/or clean energy generation** that will contribute to greenhouse gas reductions in support of New York's clean energy policies.



Proposals must address each of the above criteria

Background: Strategically leveraging capital to overcome barriers

- ✓ **Value proposition:** Support financings of underserved transaction types to bridge to liquid, self-sustaining and efficient private sector clean energy financing markets
- ✓ **Key tools:** Various forms of credit enhancement, warehousing/aggregation, asset loans & investments and other financial instruments, together with the promotion of best practices/standardization where applicable
- ✓ **Key clients, partners & resources:** Work in collaboration with private entities to leverage both capital pools and institutional capabilities – not as a competitor
- ✓ **Cost/revenue structure:** Achieve required returns on invested capital



Background: NY Green Bank roles

NY Green Bank seeks to support transactions that **with scale and experience can ultimately be financed by the private sector**

What we will do:

- ✓ Support development of liquidity in markets
- ✓ Be creative in supporting creditworthy transactions
- ✓ Develop and incubate new structures
- ✓ Support standardization and aggregation for distribution

What we won't do:

- ✗ Support transactions without private capital involvement
- ✗ Accept credit and/or project risks that will be unacceptable to the private market
- ✗ Take technology risks that are not proven
- ✗ Offer direct subsidies
- ✗ Pursue one-off transactions without the ability to replicate

Progress to Date

January 2013:

- ✓ Governor Cuomo announced \$1 billion NY Green Bank initiative in 2013 State of the State

Mid-2013:

- ✓ Market survey (Booz & Co.) identified financing barriers and confirmed need and justification for NY Green Bank
- ✓ Based on survey conclusions, NYSERDA filed petition for initial capitalization

December 2013:

- ✓ PSC issued order approving initial capitalization

February 2014:

- ✓ Formally opened for business
- ✓ Issued public request for proposals from private sector, outlining eligible investments

Present:

- ✓ NY Green Bank has:
 - Established its organizational structure
 - Hired key leadership and other personnel
 - Implemented internal committees
- ✓ Will file initial business plan and metrics, evaluation & reporting plan on June 19, 2014
- ✓ Risk framework, mitigation principles and oversight are in place



Risk Management Metrics

Metric Type	Metric	Data Collection	Timing
Risk Management Metrics ¹	<ul style="list-style-type: none"> Total Capital available Committed Funds Deployed Funds Overall portfolio size and concentrations² 	NY Green Bank records ³	Reported quarterly (within 45 days after the end of each quarter) as NY Green Bank financing agreements are signed and closed. First quarterly report will be filed within 45 days after the third quarter 2014.
	<ul style="list-style-type: none"> Portfolio Impairment (percent currently Impaired and projected recoveries) 	NY Green Bank records	Reported annually consistent with NY Green Bank's fiscal year (April 1 – March 31). The first annual report will be filed within 90 days after March 31, 2015 ⁴ .

¹ The PSC Order defines risk management metrics as those that assist in defining acceptable capital deployment opportunities.

² NY Green Bank's risk management protocols include portfolio construction principles, which in turn address diversification and concentration. In particular, these principles require NY Green Bank to identify and monitor concentration risk and exposures including as to technologies, product offerings and clients and counterparties.

³ NY Green Bank records include information required from clients and partners consistent with usual and customary commercial practice, including with respect to confidentiality and the protection of competitive and proprietary data.

⁴ Timing takes into account the period required for Audited Financials to be prepared and reviewed ahead of being available for public filing.

Financial Metrics

Metric Type	Metric	Data Collection	Timing
Financial Metrics	<ul style="list-style-type: none"> ▪ Number and type of NY Green Bank-supported projects financed ▪ Number and general type of NY Green Bank clients and partners 	NY Green Bank records	Reported quarterly (within 45 days after the end of each quarter) as NY Green Bank financing agreements are signed and closed. First quarterly report will be filed within 45 days after the third quarter 2014.
	<ul style="list-style-type: none"> ▪ Audited Financials ▪ Mobilization Ratio ▪ Return on Investment ▪ Capital Redeployment Cycle Time 	NY Green Bank records	Reported annually consistent with NY Green Bank's fiscal year (April 1 – March 31). The first annual report will be filed within 90 days after March 31, 2015 ¹ .

¹Timing takes into account the period required for Audited Financials to be prepared and reviewed ahead of being available for public filing.

Market Metrics

Metric Type	Metric	Data Collection	Timing
Market Metrics	<ul style="list-style-type: none"> Level of awareness, knowledge and confidence of financial institutions and market intermediaries in clean energy investments¹ 	Market evaluation ²	Long-term outcome: Baseline and time series data to be reported as available from periodic evaluation.

¹ Over time, as financing agreements are signed and closed, NY Green Bank will give consideration to the development of specific barriers and market transformation indicators.

² The specific reporting cycle for this metric will be tied to the timing of the required evaluations.

Energy & Environmental Metrics

Metric Type	Metric	Data Collection	Timing
Energy & Environmental Metrics	<ul style="list-style-type: none"> ▪ Lifetime energy saved by fuel type from efficiency projects (MWh/MMBtu)¹ and/or lifetime clean energy generated (MWh)² ▪ Lifetime primary energy saved from CHP (BTU) ▪ Clean energy generation installed capacity (MW), if applicable ▪ Lifetime greenhouse gas emission reductions (tons) 	NY Green Bank 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 NY Green Bank 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.

¹ Energy impacts will generally be based on full savings compared against the baseline of the existing condition and will be reported quarterly based on NY Green Bank results. As these metrics are verified through impact evaluation, those results will be included in quarterly reporting following completion of corresponding evaluations.

² This metric category will include energy impacts from on-site fuel cells and bio-heat applications.

Evaluation Plan

✓ High Level Goals

- Assess and verify energy, environmental and economic impacts
- Assess overall progress of NY Green Bank toward market transformation goals, including increasing investor confidence and achieving scale in clean energy financing
- Provide information to help enhance the uptake, deployment and effectiveness of NY Green Bank product offerings

✓ Approach

- Transaction Profile
- Independent Third Party Assessments

Reporting Plan: Quarterly

- ✓ Quarterly reports:
 - Filed within 45 days after the end of each calendar quarter as NY Green Bank financing agreements are signed and closed
 - First quarterly report will be filed within 45 days after the third quarter 2014 (reflecting data through September 30, 2014)
 - Include the following metrics:
 - Total Capital available
 - Committed Funds
 - Deployed Funds
 - Overall portfolio size and concentrations
 - Number and type of NY Green Bank-supported projects financed
 - Number and general type of NY Green Bank clients and partners
 - Estimates of Energy & Environmental Metrics

Reporting Plan: Annual and Long-Term

- ✓ Annual reports:
 - ✓ Filed yearly consistent with NY Green Bank's fiscal year (April 1 – March 31)
 - ✓ First annual report will be filed within 90 days after March 31, 2015
 - ✓ Include the following metrics:
 - Portfolio Impairment (percent currently Impaired and projected recoveries)
 - Audited Financials
 - Mobilization Ratio
 - Return on Investment
 - Capital Redeployment Cycle Time
- ✓ Long-term outcomes of NY Green Bank impact to the market:
 - Periodic market evaluations with data reported as available
 - Impact evaluation of the following estimates of Energy & Environmental metrics to be reported quarterly:
 - Lifetime energy saved by fuel type from efficiency projects (MWh/MMBtu) and/or lifetime clean energy generated (MWh)
 - Lifetime primary energy saved from CHP (BTU)
 - Clean energy generation installed capacity (MW), if applicable
 - Lifetime greenhouse gas emission reductions (tons)

Public Input & Questions

- ✓ Open Dialogue



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