



New York Green Bank

Metrics, Reporting & Evaluation

Agenda and Proposed Metrics
Technical Conference, May 29, 2014
Case 13-M-0412

Agenda

1. Welcome & Introductions
2. Presentation:
 - (a) NY Green Bank Background & Status;
 - (b) Operations & Risk Management Metrics;
 - (c) Financial Metrics;
 - (d) Market Metrics;
 - (e) Energy & Environmental Metrics;
 - (f) Evaluation Plan;
 - (g) Reporting Plan;
3. Public Input & Questions

Proposed Metrics & Key Definitions

Table 1. Operational & Risk Management Milestones

Milestone Type	Milestone
Operational	<ul style="list-style-type: none"> ▪ Organizational structure established/plan filed ▪ Establishment of Advisory Committee ▪ Establishment of Investment & Risk Committee ▪ Leadership and staff of NY Green Bank hired ▪ Initial Business Plan filed
Risk Management	<ul style="list-style-type: none"> ▪ Risk framework, mitigation principles and oversight in place

Table 2. Metrics & Data Collection

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). First annual report will be filed within 90 days after March 31, 2015 ⁴
Financial & Market 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). 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.

Metric Type	Metric	Data Collection	Timing
	<ul style="list-style-type: none"> Level of awareness, knowledge and confidence of financial institutions and market intermediaries in clean energy investments⁵ 	Market evaluation ⁶	Long-term outcome: Baseline and time series data to be reported as available from periodic evaluation
Energy & Environmental Metrics	<ul style="list-style-type: none"> Lifetime energy saved by fuel type from efficiency projects (MWh/MMBtu)⁷ and/or lifetime clean energy generated (MWh)⁸ 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

Key Definitions

For the purposes of calculating and reporting the metrics outlined above, the following terms have the meanings indicated:

“Audited Financials” means annual audited financial statements prepared in accordance with applicable accounting standards by an experienced, accredited and independent accounting firm, in consultation with NY Green Bank and NYSERDA staff.

“Capital” means the aggregate capital allocated to NY Green Bank from all public sources at the relevant time, including time-weighted adjustments to account for changes in NY Green Bank’s capitalization, expressed in dollars.

“Capital Gains” mean, in any year, all increases in the capital available to be Deployed by NY Green Bank in its investments derived from realized gains, expressed in dollars.

“Capital Losses” mean, in any year, the aggregate amount of funding that has been Deployed as principal by NY Green Bank and become due and payable but that has not been repaid to, or recovered by, NY Green Bank pursuant to the terms of the relevant transaction documents and in respect of which NY Green Bank has undertaken commercially reasonable legal remedies and other means of recovery, expressed in dollars.

“Capital Redeployment Cycle Time” means the average period of time it takes for a dollar of Committed Funds or Deployed Funds to be advanced to, and repaid from, one NY Green Bank investment and further Committed and/or Deployed to a subsequent NY Green Bank investment, measured across NY Green Bank’s entire portfolio.

“Committed Funds” means, in any period, the aggregate funds to be provided by NY Green Bank 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.

⁵ 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.

⁶The specific reporting cycle for this metric will be tied to the timing of the required evaluations.

⁷ 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.

⁸ This metric category will include energy impacts from on-site fuel cells and bio-heat applications.

“**Deployed Funds**” means, in any period, the aggregate funds that have been advanced by NY Green Bank subject to the terms of fully negotiated client and partner financing agreements executed in that period expressed in dollars. “**Deployed**” has a corresponding meaning.

“**Gross ROI**” for any period is calculated for NY Green Bank as follows:

$$\frac{\text{Income} - \text{Capital Losses} + \text{Capital Gains}}{\text{Capital}}$$

“**Impaired**” refers to any NY Green Bank investment asset where:

- (a) That asset has become non-performing, such that NY Green Bank is no longer receiving all principal, interest and fees due in connection with that asset in accordance with the terms of the applicable transaction documentation; and
- (b) NY Green Bank reasonably expects to incur a Capital Loss on recovery of the amount of Deployed Funds representing that investment asset and has reserved on its accounts accordingly.

“**Income**” during any period means all fees, interest and other receivables related to Committed Funds and Deployed Funds (including, without limitation, such amounts as may be capitalized, accrued or paid-in-kind) due to NY Green Bank during that period as remuneration for providing financial facilities in transactions and also includes interest received on cash held by NY Green Bank⁹, all expressed in dollars.

“**Mobilization Ratio**” means the aggregate amount of private sector capital committed or invested (or expected to be committed or invested in the case of warehouse aggregation financings) across transactions for every dollar of Committed Funds or Deployed Funds in those transactions.

“**Net ROI**” for any period is calculated for NY Green Bank as follows:

$$\frac{\text{Income} - \text{Capital Losses} + \text{Capital Gains} - \text{Operating Expenses}}{\text{Capital}}$$

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

“**Operating Expenses**” during any period mean the costs involved in running and operating NY Green Bank on a day-to-day basis including all business development, transaction, general and administrative expenses, expressed in dollars.

“**Portfolio Impairment**” means, at any time with respect to all assets within NY Green Bank’s investment portfolio, the dollar value that is recorded in NY Green Bank’s books of all such assets that are Impaired, expressed as a percentage of the total of all Committed Funds and Deployed Funds at that time.

“**Return on Investment**” or “**ROI**” is the measure of return on Capital, expressed as a percentage, and includes Gross ROI and Net ROI. Both Gross ROI and Net ROI will be calculated on an annual basis and will include:

- (a) ROI for the relevant year (gross and net of Operating Expenses); and
- (b) Cumulative ROI (gross and net of Operating Expenses) commencing with the third quarter of 2014.

⁹ It is NY Green Bank’s practice to invest cash balances in low risk instruments.