



Efficiency Maine Green Bank (EMGB)

Capital Expansion Planning

EMT Board Meeting

April 22, 2026

Agenda

- **Context** – why do we seek more capital?
- **Boosting demand** – ideas for increasing EMGB activity through expanded and new finance initiatives
- **Projected deployment** – how much would we need?
- **Opportunities for new capital** – where could the funding come from?
- **Proposal and next steps**

Context

Why do we seek more capital?

Context

- **Provide access to EMGB financing for a broad range of customer classes and equipment types**
 - EMT seeks to provide a “one-stop-shop” for customer/contractor incentives (rebates, grants, discounts, *and* financing) on energy efficiency, demand management and beneficial electrification
 - Ability to expand financing is currently limited by available capital and funding source constraints
- **Leverage EMGB’s expanded loan management capacity**
 - To handle anticipated capital infusion from federal Greenhouse Gas Reduction Fund (GGRF), EMGB shifted to new systems – lending platform, lending services – from new service providers
- **Seek to gain EMGB financial flexibility and sustainability by expanding portfolio size:**
 - More program income to cover operating expenses
 - More program income to subsidize better-than-market-rate terms to borrowers
 - Make EMGB's portfolio more attractive to private market capital

Financial Flexibility and Sustainability Improves with Larger Portfolio Size

INTEREST YIELD (\$) Less Servicing Costs & Losses

| Interest Rates | DEPLOYED PORTFOLIO SIZE (MM) | | | | |
|----------------|------------------------------|-------------|--------------|--------------|--------------|
| | 10 | 20 | 30 | 40 | 50 |
| 0% | -\$729,000 | -\$884,000 | -\$1,039,000 | -\$1,194,000 | -\$1,349,000 |
| 1% | -\$629,000 | -\$684,000 | -\$739,000 | -\$794,000 | -\$849,000 |
| 2% | -\$529,000 | -\$484,000 | -\$439,000 | -\$394,000 | -\$349,000 |
| 3% | -\$429,000 | -\$284,000 | -\$139,000 | \$6,000 | \$151,000 |
| 4% | -\$329,000 | -\$84,000 | \$161,000 | \$406,000 | \$651,000 |
| 5% | -\$229,000 | \$116,000 | \$461,000 | \$806,000 | \$1,151,000 |
| 6% | -\$129,000 | \$316,000 | \$761,000 | \$1,206,000 | \$1,651,000 |
| 7% | -\$29,000 | \$516,000 | \$1,061,000 | \$1,606,000 | \$2,151,000 |
| 8% | \$71,000 | \$716,000 | \$1,361,000 | \$2,006,000 | \$2,651,000 |
| 9% | \$171,000 | \$916,000 | \$1,661,000 | \$2,406,000 | \$3,151,000 |
| 10% | \$271,000 | \$1,116,000 | \$1,961,000 | \$2,806,000 | \$3,651,000 |

Coverage Gaps: Finance Initiatives

| | Heat Pumps / VRF | Insulation & Air Sealing | Water Heating | EV Charging | Energy Storage | Solar PV |
|-------------------------|---|--------------------------|------------------|-----------------|-----------------|-----------------|
| Single Family | Home Energy Loan | Home Energy Loan | Home Energy Loan | None | None | None |
| Manufactured Home | Mobile Home Initiative Loan, Home Energy Loan | Home Energy Loan | Home Energy Loan | None | None | None |
| Condo Unit | Home Energy Loan | Home Energy Loan | Home Energy Loan | None | None | None |
| Duplex | Home Energy Loan | Home Energy Loan | Home Energy Loan | None | None | None |
| Multi-Family 3-4 Unit | None | None | None | None | None | None |
| Small Business | Small Business Energy Loan | None | None | None | None | None |
| Midmarket C&I | None | None | None | None | None | None |
| C&I | C-PACE | C-PACE | C-PACE | C-PACE | C-PACE | C-PACE |
| Condo Association | None | None | None | None | None | None |
| Municipal | Municipal Lease | Municipal Lease | Municipal Lease | Municipal Lease | Municipal Lease | Municipal Lease |
| Long-term Care Facility | Long-Term Care Facility Loans | None | None | None | None | None |

Green – Sufficient Yellow – Constrained Red – No EMGB Financing Available

Coverage Gaps: Funding Sources

| | Heat Pumps / VRF | Insulation & Air Sealing | Water Heating | Energy Storage | EV Charging | Solar PV |
|-------------------------|------------------|--------------------------|---------------|----------------|-------------|------------|
| Single Family | ARRA, RGGI | ARRA, RGGI | ARRA, RGGI | RGGI | None | ARRA, RGGI |
| Manufactured Home | ARRA, RGGI | ARRA, RGGI | ARRA, RGGI | RGGI | None | ARRA, RGGI |
| Condo Unit | ARRA, RGGI | ARRA, RGGI | ARRA, RGGI | RGGI | None | ARRA, RGGI |
| Duplex | ARRA, RGGI | ARRA, RGGI | ARRA, RGGI | RGGI | None | ARRA, RGGI |
| Multi-Family 3-4 Unit | ARRA, RGGI | ARRA, RGGI | ARRA, RGGI | RGGI | RGGI | ARRA, RGGI |
| Small Business | SBLF, RGGI | SBLF, RGGI | SBLF, RGGI | RGGI | SBLF, RGGI | RGGI |
| C&I | RGGI | RGGI | RGGI | RGGI | RGGI | RGGI |
| Long-Term Care Facility | EERLF | RGGI | RGGI | RGGI | RGGI | RGGI |

Green – Sufficient

Yellow – Constrained

Red – No EMGB Loans Available

ARRA = American Recovery and Reinvestment Act

RGGI = Regional Greenhouse Gas Initiative

SBLF = Small Business Loan Fund

EERLF = Energy Efficiency Revolving Loan Fund

Boosting Demand

Ideas for increasing EMGB activity through expanded and new finance initiatives

Home Energy Loans (Existing)

- **Proposed Modifications**

- Expand eligible measures beyond heat pumps and weatherization. Examples:
 - Heat pump water heaters
 - EV chargers
 - Energy storage
 - Solar PV
- Expand eligible property types, which may include allowing 3-4 unit multifamily properties
- Add eligibility for energy storage (consider direct financing and financing leases)

- **Impact**

- Expected to double pace of deployment over 3 years, primarily due to the market size of energy storage and solar PV
 - Current Pace: \$4.5M/yr
 - Projected Pace: \$9M/yr
 - Historical Max Pace: \$12M/yr

Small Business Energy Loans (Existing)

- **Proposed Modifications**

- Expand eligible measures beyond heat pumps. Examples:
 - Insulation and weatherization
 - Heat pump water heaters
 - EV chargers
 - Energy storage
 - Solar PV
- Mirror the borrowing criteria and process of Home Energy Loans, creating a simpler and more streamlined application process
- Allow eligibility pathway for tenants, with property owner permission

- **Impact**

- Recent activity is very low (7 total borrowers in trailing 36 months)
- Modifications would make the initiative more accessible and realistic for small businesses
- Expected to increase demand to levels seen in past years (\$1-2M/yr)

C&I Bridge Loans (New)

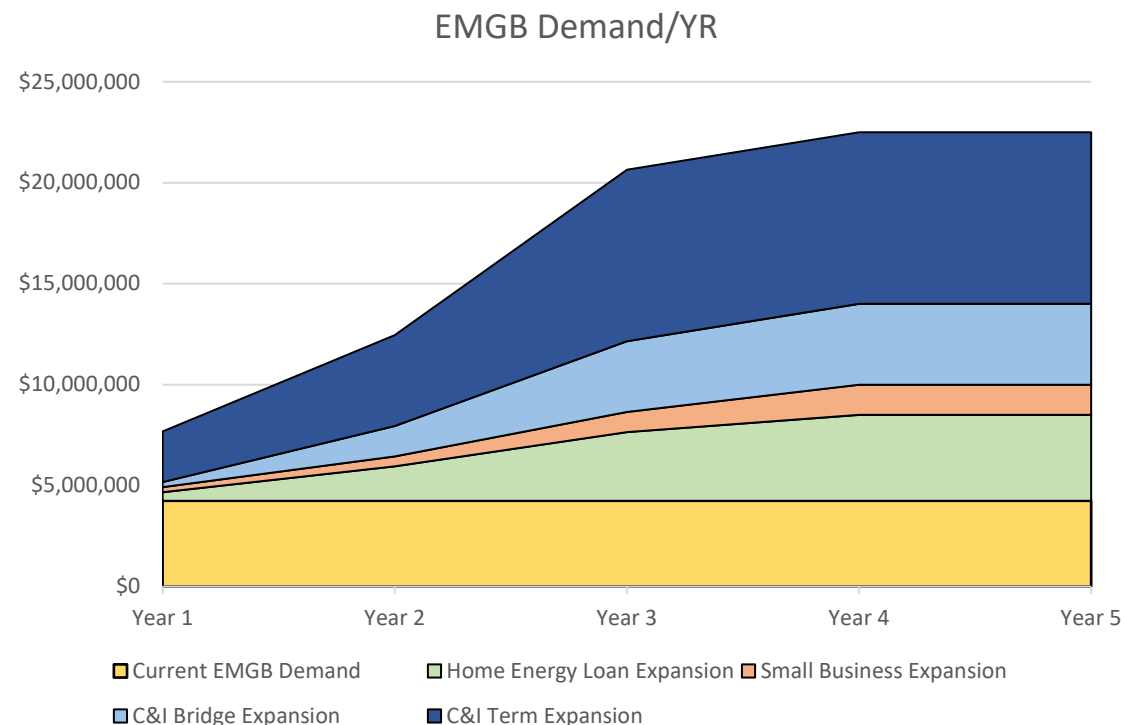
- **Proposal**
 - Create an initiative that provides development or bridge capital to advance a rebate for use *prior to* project completion
 - Advance and leverage existing Efficiency Maine rebates and incentives
- **Impact**
 - Capture 20% of EMT's existing C&I program market that currently deploys over \$25M per year (=\$5M)

C&I Term Loans (New)

- **Proposal**
 - Create an initiative that allows term loans for a variety of measures. Examples:
 - Heat pumps/VRFs
 - Weatherization
 - Heat pump water heaters
 - EV charging infrastructure
 - Energy storage
 - Solar PV
 - Allow customers to borrow larger dollar amounts through participation agreements with local lenders
- **Impact**
 - Anticipate demand of \$8M/yr with a 3-year ramp
 - Projected demand would mature to match expected residential lending demand
 - Projected demand is based on:
 - Quantity/size of projects inquiring about C-PACE Program
 - Current market size of projects participating in EMT's C&I programs (greater than \$50M)
 - Measures such as solar PV represent significant markets beyond what is currently eligible for EMT programs

Demand Analysis – Annual Deployment Pace

| Finance Initiative | Current Deployment Pace (\$/yr) | Projected Deployment Pace (\$/yr) |
|-----------------------------|---------------------------------|-----------------------------------|
| Home Energy Loans | \$4,500,000 | \$9,000,000 |
| Small Business Energy Loans | \$7,000 | \$1,500,000 |
| C&I Bridge Loans | \$0 | \$4,000,000 |
| C&I Term Loans | \$0 | \$8,000,000 |
| TOTAL | \$4,507,000 | \$22,500,000 |



Projected (Potential) Deployment

Projected Demand by Finance Initiative

| | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2034 | 2035 | 2036 | 2037 |
|---------------------|--------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total | \$4,250,000 | \$17,750,000 | \$21,750,000 | \$21,750,000 | \$21,750,000 | \$21,750,000 | \$21,750,000 | \$21,750,000 | \$21,750,000 | \$21,750,000 | \$21,750,000 |
| Home Energy Loan | \$4,000,000 | \$8,000,000 | \$8,000,000 | \$8,000,000 | \$8,000,000 | \$8,000,000 | \$8,000,000 | \$8,000,000 | \$8,000,000 | \$8,000,000 | \$8,000,000 |
| Small Business Loan | \$0 | \$1,500,000 | \$1,500,000 | \$1,500,000 | \$1,500,000 | \$1,500,000 | \$1,500,000 | \$1,500,000 | \$1,500,000 | \$1,500,000 | \$1,500,000 |
| EE-RLF | \$250,000 | \$250,000 | \$250,000 | \$250,000 | \$250,000 | \$250,000 | \$250,000 | \$250,000 | \$250,000 | \$250,000 | \$250,000 |
| C&I Bridge | \$0 | \$4,000,000 | \$4,000,000 | \$4,000,000 | \$4,000,000 | \$4,000,000 | \$4,000,000 | \$4,000,000 | \$4,000,000 | \$4,000,000 | \$4,000,000 |
| C&I | \$0 | \$4,000,000 | \$4,000,000 | \$4,000,000 | \$4,000,000 | \$4,000,000 | \$4,000,000 | \$4,000,000 | \$4,000,000 | \$4,000,000 | \$4,000,000 |
| C&I Large Scale | \$0 | \$0 | \$4,000,000 | \$4,000,000 | \$4,000,000 | \$4,000,000 | \$4,000,000 | \$4,000,000 | \$4,000,000 | \$4,000,000 | \$4,000,000 |

Cash on Hand by Fund Source under Projected Demand Scenario

| | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2034 | 2035 | 2036 | 2037 |
|--------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total | \$10,939,286 | -\$3,582,993 | -\$16,010,032 | -\$26,122,508 | -\$34,299,256 | -\$40,913,897 | -\$46,266,153 | -\$50,597,828 | -\$54,104,119 | -\$56,942,701 | -\$59,241,000 |
| ARRA | \$6,525,000 | \$4,930,893 | \$3,644,221 | \$2,605,692 | \$1,767,452 | \$1,090,872 | \$544,775 | \$103,997 | -\$251,774 | -\$538,932 | -\$770,709 |
| RGGI | \$3,789,286 | -\$8,977,219 | -\$20,013,041 | -\$29,019,383 | -\$36,314,173 | -\$42,223,963 | -\$47,011,840 | -\$50,890,915 | -\$54,033,790 | -\$56,580,270 | -\$58,643,595 |
| EE-RLF | \$625,000 | \$463,333 | \$358,789 | \$291,183 | \$247,465 | \$219,194 | \$200,912 | \$189,090 | \$181,445 | \$176,501 | \$173,304 |

Opportunities for New Capital

- **Regional Greenhouse Gas Initiative (RGGI)**
 - FY26 RGGI auction revenues exceed the FY26 RGGI budget for programs
 - There is currently a balance of \$19M with an additional auction still to come in FY26
- **USDA's Rural Energy Savings Program (RESP)**
 - EMT may borrow up to \$50M at 0% interest with a 20-year repayment schedule
 - EMT could re-lend RESP funds to any small business, consumer, or municipality in rural communities
 - “rural” = <50,000 residents, which excludes Portland only
 - “small business” = 99% of Maine businesses
 - The funds may be deployed over a 10-year period
 - The funds would not likely be available to EMT for 24 months (i.e., FY28).
 - Requires collateralization (50% of deployed funds)

Proposal (for discussion only)

- Allocate **\$25M in FY2026 RGGI revenues** to EMGB to:
 - Expand measure eligibility for Home Energy Loans (e.g. energy storage, heat pump water heaters, EV charging, solar PV)
 - Stand up new commercial lending programs (C&I bridge and term loans)
 - Facilitate the acquisition and deployment of RESP funds (collateralize RESP loan)
- Apply for up to **\$50M RESP loan**
- **Impact:** \$25M RGGI and up to \$50M RESP would sustain expanded EMGB programs and achieve EMGB goals for next decade

Cash on Hand for all Fund Sources

| | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2034 | 2035 | 2036 | 2037 |
|-------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Total | \$80,939,286 | \$66,417,007 | \$53,989,968 | \$43,877,492 | \$35,700,744 | \$29,086,103 | \$23,733,847 | \$19,402,172 | \$15,895,881 | \$13,057,299 | \$10,759,000 |

RESP Application – Upcoming Board Approvals

- **Requires a Board Resolution that:**
 - Approves the work plan and financial forecast
 - Authorizes Executive Director to execute and attest all necessary documentation
 - Authorizes EMT to apply for and take out the loan
- **Workplan and Financial Forecast Highlights:**
 - Expand various finance initiatives (as previously described) forecasting to deploy at least \$5M per year over 10 years
 - Screen projects for rural and small business eligibility
 - Adjust interest rates and terms to meet RESP requirements (maximum 10 year at 5%)
 - Utilize recycled program income to cover RESP repayment, operational expenses, and continued on-lending
 - Secure loan with 50% capital (as deployed) from an irrevocable letter of credit/parked capital (GGRF or RGGI)