



# Efficiency Maine Green Bank

## Recent Activities and Issues for Triennial Plan VI

EMT Board Meeting

January 24, 2024

# Agenda

- Overview of EMGB
- Market Gaps
- Fund Sources
- Green Bank Community
- Finance Initiatives
- EMGB Next Steps
- Third Party Capital

# The Efficiency Maine Green Bank



## Playbook:

- Promote Program Rebates
- Add financing for co-pays
- Revolve funds with third party capital

## Efficiency Maine Green Bank

### Previously Existing Initiatives:

- Revolving Loan Fund (Home Loans)
- Business Loans

### Newly Designed Initiatives:

- CPACE
- Municipal & School Lease
- Manufactured Home Heat Pump Lease

# Market Gap Analysis

*The process of uncovering relevant Market Gaps in Maine (Status: ongoing)*

We have conducted extensive interviews with:

- EMT Program Managers
- Other Green Banks or similar orgs
- Municipalities
- Banks & Credit Unions
- Legislators
- Trade groups
- Constituents
- Activists
- Capital Institutions
- And more

And identified clear market gaps:

- Specific Profiles: (e.g., Low Income & Disadvantaged Community, Split Incentive, Municipal & School, Small Business, etc.)
- Specific Measure: (e.g., heat pump, battery storage, etc.)
- Common Barriers: (e.g., term lengths, critical mass, collateral, etc.)

# Available Fund Sources

**ARRA:** ~ \$19MM for loans and credit enhancements of home energy efficiency projects.

**GGRF NCIF:** EMGB has aligned with applicants to the National Clean Investment Fund and anticipates ~ \$30MM of capital to be deployed in FY2025 if the applicants are successful. Funds may be used finance to commercial or residential energy efficiency and renewable energy projects with 40% of the funds to be deployed to LIDACs.

**GGRF CCIA:** EMGB has aligned with applicants to the Clean Communities Investment Accelerator and anticipates ~\$10MM of capital to be deployed in FY2025. Funds may go to commercial or residential energy efficiency and renewable energy projects with 100% of the funds to be deployed to LIDACs.

**BIL RLF:** EMGB stands to receive ~\$800k of federal funds from the Bipartisan Infrastructure Law to capitalize a revolving loan fund for heat pump systems in congregate housing facilities.

**RGGI:** EMGB may use RGGI funds to capitalize loan and lease products or to provide credit enhancements.

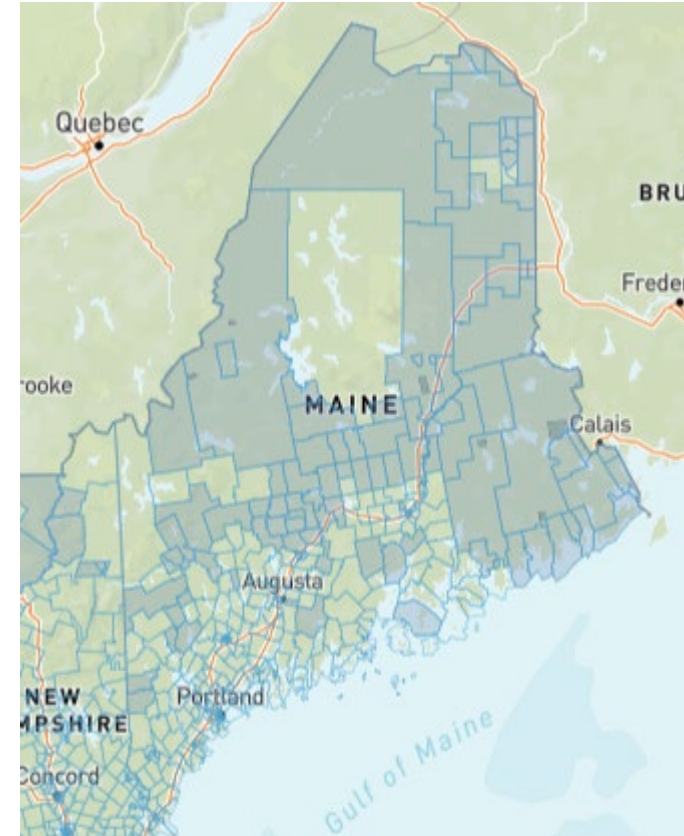
# EMGB is active in the green bank community

- **American Green Bank Consortium** – EMGB is a member of the AGBC, which helps green banks, capital providers, developers and other clean energy supporters collaborate to expand and accelerate innovative clean energy investment across the United States.
- **G50** – is a national network of approximately 50 Green Banks including the participation on various working groups. EMGB participates in various subcommittees of the G50 working to facilitate access to the EPA's GGRF capital.
- **Coalition for Green Capital** - The CGC has been working to accelerate clean energy investments nationwide for over a decade. Through strategic partnerships and innovative financing, CGC expands the reach of state and local green banks, CDFIs, and other finance institutions, to equitably drive accessibility to clean energy financing and empower communities to embrace a greener future.
- **Other key relationships:**
  - **Justice Climate Fund**
  - **Climate United**
  - **Rewire America**
  - **Opportunity Finance Network**
  - **CDFA**

# LIDAC Focus

The Green Bank community and available fund sources have placed a focus on deploying capital to Low-Income and Disadvantage Communities.

- Low-Income and Disadvantaged Communities: GGRF defines low-income and disadvantaged communities as encompassing the following four categories, as defined below:
  - (a) communities identified as disadvantaged by the CEJST mapping tool;
  - (b) a limited number of additional communities identified as disadvantaged by the EJScreen mapping tool;
  - (c) geographically dispersed low-income households; and
  - (d) properties providing affordable housing.



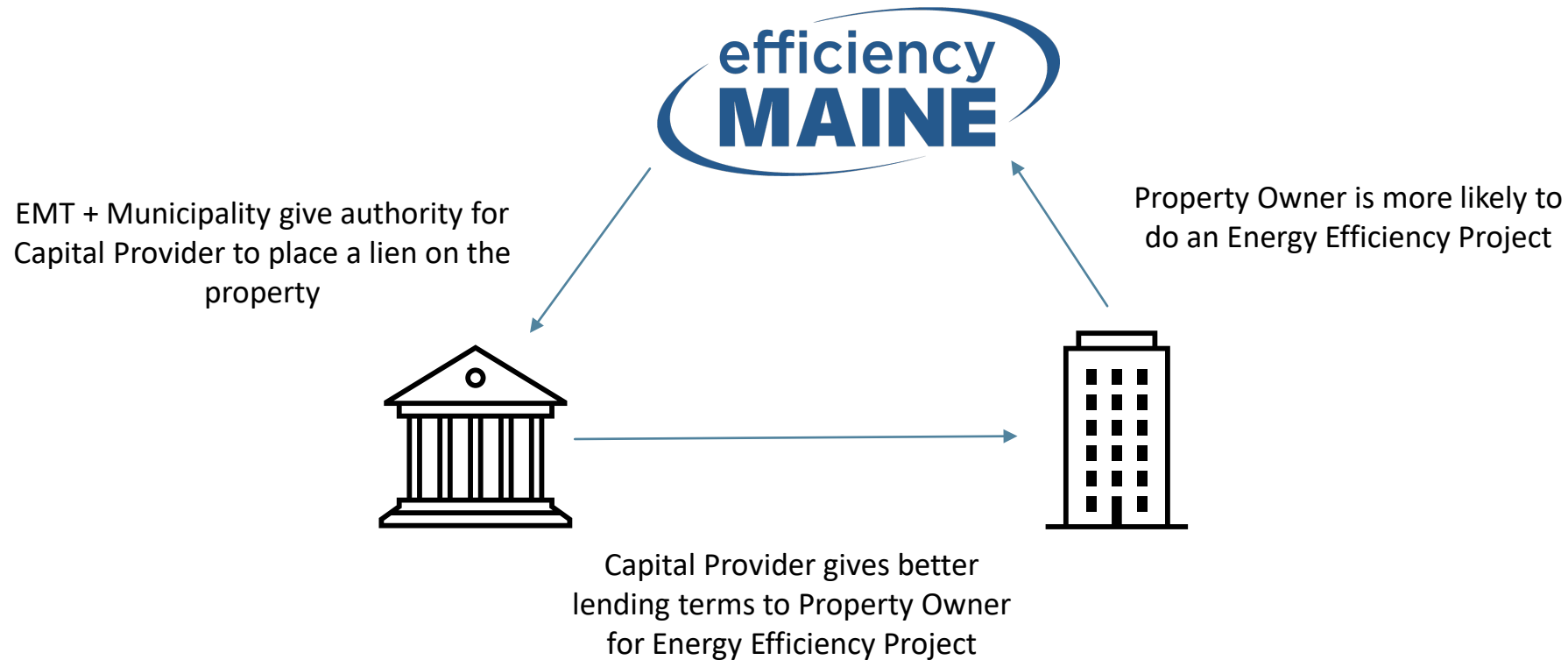


# Existing Finance Initiatives





# Commercial Property Assessed Clean Energy (C-PACE)



**Description:** CPACE is a mechanism that allows Capital Providers to place a tax level lien on a property for energy efficiency measures thus lowering long term default risk of the investment. This allows Capital Providers to provide better terms to Property Owners.

# Commercial Property Assessed Clean Energy (C-PACE) - Status

## Efficiency Maine Participating Municipalities:

- Augusta
- Cumberland
- Gorham
- Portland
- Sanford
- Saco
- Westbrook

← *11 Municipalities in Pipeline*

## Efficiency Maine C-PACE Registered Capital Providers:

- CounterpointeSRE
- Nuveen Green Capital
- PACE Loan Group

← *2 Capital Providers in Pipeline*

## Project Applications

Key Metrics	Project Applications
Submitted Applications	2
Projects in Pipeline	2

← *6 Projects in Pipeline*

# Municipal and School Project Financing

**Description:** The Municipal (and School) Lease allows Maine municipalities and public schools to finance the remaining balance of an energy efficiency project AFTER they have been pre-qualified from the Efficiency Maine Programs serving commercial & institutional customers (e.g., "CIPI" and "Custom" programs).



## Eligibility:

- Project: Any Maine municipality or public pre-K – 12 school (or school district) under the Maine Department of Education.
- Lender: Maine lender with its headquarters and primary operations in the state of Maine.

## Lease Details:

- Lowers the upfront cost of a project (typically to \$0)
- Spreads the costs of the project over several years
- Provides an effective alternative to traditional debt financing (bonds, loans, etc.)
- Can use customer's existing utility budget
- Leverages tax-exempt interest rates
- Shortens timeline to close a project

## Status: **Participating Lenders**

	Lender Name	Contact Name	Contact Title	Contact Phone
	Androscoggin Bank	John Simko	Director of Government Banking	(207) 330-0531
	Gorham Savings Bank	Rick Proctor	Vice President	(207) 222-1498

# Home Energy Loans

## Products:

- Income Eligible and Residential PACE financing (*over 50 municipalities have opted into R-PACE*)
- Borrow up to \$7500 at 5.99%

## Eligibility:

- Homeowners who are income eligible (low- or moderate-income)
- Minimum credit score: 580 and Maximum debt-to-income ratio: 70%
- Project must be eligible for an Efficiency Maine Rebate

## Status:

- Income Eligible Loan is live
- Continuing conversations with key local lenders to leverage third-party capital
- Continuing exploring funding sources to expand offerings

Key Metrics	Home Energy Loans	
	Income-Eligible Loans	Non Income-Eligible Loans
Last Month (#)	25	0
FY(#)	171	341
All-Time (#)	171	7709
Last Month (\$)	\$141,499.91	\$0
FY(\$)	\$935,186.75	\$2,142,250
All-Time (\$)	\$935,186.75	\$60,066,519

# Small Business Energy Loans

## Eligibility:

### Business

- Business with a peak electrical demand of 50kW or less (Small General Service, Small Service, or Medium General Service depending on the utility territory)
- Creditsafe Credit Score of at least 43 **OR**, if a Creditsafe score cannot be generated, the business may provide a personal guarantee, proof of operations for more than 24 months and a current electric bill payment with no past-due balance

### Upgrades

- High-performance heat pumps retrofits
- Variable refrigerant flow (VRF) system retrofits

### Status

- Small Business Energy Loans are currently available
- Continuing conversations with key local lenders to leverage third-party capital
- Continuing exploring funding sources to expand offerings

Key Metrics	Small Business Loans
Last Month (#)	0
FY(#)	3
Last Month (\$)	\$0
FY(\$)	\$12,935
All-Time* (\$)	\$1,300,00

*\*All-time numbers are estimated*

# Manufactured Home Heat Pump Lease

## Description

- Efficiency Maine is piloting whole-home heat pump systems as a replacement for fossil fuel-fired furnaces.
- Currently, the pilot rebates 80% of the cost of ducted whole-home heat pumps to homeowners in manufactured homes. Participants offered leases to pay the remaining 20% of project costs net of the rebate, paying either:
  - one up-front payment of \$2000, or;
  - 50 monthly payments of \$50.

## Eligibility

- Home must be a single-wide mobile home
- Home must be owner-occupied principal residence
- Homeowner must be a recipient of MaineCare, HEAP, SNAP, or TANF, or qualify based on Adjusted Gross Income
- Home must be presently heated entirely by oil, kerosene, propane, and/or electric resistance heating (must not have an existing heat pump system in home)
- Owner must agree to remove existing fossil fuel heating

Key Metrics	Manufactured Home Heat Pump Lease
Last Month (#)	7
FY(#)	46
All-Time (#)	46
Last Month (\$)	\$17,000
FY(\$)	\$105,500
All-Time (\$)	\$105,500



# NEXT STEPS for Finance Initiatives

# Finance Initiative Expansion

EMGB anticipates ~\$40MM in GGRF funds (3X our existing portfolio)

**MEASURES:** considering expanding financing offerings beyond those with available EMT rebates/incentives

- Energy Storage (Batteries)
- EV Infrastructure
- Solar PV
- Expanded financing for heat pumps and weatherization

**TERMS:** intends to adjust borrowing terms for standardizations and more favorable customer product

- Increase borrowing amounts
- Adjust programs to better accommodate Tax Credits and other incentives (e.g. 0% interest on ITC)

## **SECTORS:**

- Residential – Enable a one-stop-shop allowing for comprehensive loans and lease products that are LIDAC focused
- Small Business – Expand borrowing amount and simplify application
- Commercial Properties – Expand underwriting criteria and means of collateral (e.g. unsecured, personal guarantees, property, C-PACE)
- Custom Program – Enable pathway for large scale projects

LOANS	LEASES	CUSTOM
Residential Loans	Residential Lease Products	
Commercial Loans	C&I Lease Products	C&I Custom Finance Products
<ul style="list-style-type: none"><li>• Property owner debt</li><li>• Varying collateral</li></ul>	<ul style="list-style-type: none"><li>• Owned equipment assets</li></ul>	<ul style="list-style-type: none"><li>• Administer a capital stack (large scale projects)</li></ul>



# Benefits to a "One Stop Shop" Financing Suite

- RRV Benefits – Providing RRVs with the ability to provide a suite of finance products to their customers, at the kitchen table, allows them to:
  - Reach more customers faster
  - Enhance their sales process
  - Streamline their offerings
  - Increase the likelihood of customer satisfaction
  - Enhanced offerings for rural areas and LIDAC communities can increase the market size and validity of expanding geographic reach
  - Reduces need to duplicate platform and vendor usage to offer LIDAC specific products
- Customer Benefits
  - Greater likelihood of being approved for financing
  - Simpler process
- LIDAC Benefits
  - Attract more low-income and disadvantaged community borrowers under one streamlined application tool
  - Entice RRVs to pursue LIDACs with preferred terms and enhanced borrowing opportunities
- Administrative Benefits
  - Easier to administer one large program than multiple smaller programs



Enable RRVs to offer all finance products instantly at the Kitchen Table

APPLY NOW



LIDAC LOANS

LIDAC LEASES

ALL-INCOME LOANS

# Overall EMGB Market Coverage

*If all solutions were rolled out*

**EMGB-R**= EMGB Residential One Stop Shop

**EMGB-C**= Small Business, Commercial, Municipal Lease or Custom Finance initiative of EMGB

**OSE**= Other State Entity

**P**= Private Market

**X**= Market Gap

	Residential Owner Occupied	Multi- Family Owner Occupied	Single Family / Multi- Family Non Owner- Occupied	Affordable Housing	Small Business	Commercial	Large Scale
Heat Pumps	EMGB-R			OSE	EMGB-C		
EV							
Storage							
Solar							
Weatherization							
Comprehensive Projects				X			
LIDACs				OSE			
New Construction	P			OSE	P		EMGB-C

# EMGB Administration Support

- **Lending Platform and Services RFPs** - EMGB intends to issue two RFPs to enhance our lending, fund management, and trade ally support capabilities. The combination of these RFPs will allow for a more efficient deployment of funds, implementation of new finance initiatives, and scalability of budget. The RFPs include:
  - Lending Platform – An RFP for a platform that can enable origination, servicing, customer management, trade ally engagement, and reporting requirements.
  - Services – An RFP for services to administer certain day-to-day tasks as needed, including providing customers and trade ally support, conducting any non-automated underwriting tasks, and following up on customer delinquencies.
- **Financial Advisor** – EMGB intends to engage with a financial advisory group to review intended finance initiatives for their appeal to third party capital. This includes the coordination and implementation of standardization practices across the Green Bank community as well as preliminary discussions with third party capital sources.

# Third-Party Capital

The need for third party capital is to sustain programs beyond year 1, in which there is a strong focus on the rapid deployment of capital. It is important for the trade ally and customer community that EMGB can sustain programs for a long tenure to better facilitate market transformation.

## **Third Party Capital Sources:**

- Alignment with GGRF lead applicants (Coalition for Green Capital)
  - Additional low-cost working capital (Debt)
  - Asset sale to CGC (Warehouse, Aggregation)
- Working with other GBs (State Revolving Fund Working Group)
  - Bond markets
  - Credit facilities
  - National product standardization
- Establishment of a Credit Union Service Organization "CUSO" (local lending community)
- Alignment with existing partner investor community (NEIF)

## **Additional Finance Initiatives:**

- Credit Enhancements (Loan Guarantee, Loss Reserves)
- Warehouse
- Aggregation