

NY GREEN BANK FREQUENTLY ASKED QUESTIONS

1. WHAT IS THE NEW YORK GREEN BANK?

The New York Green Bank (NY Green Bank), a division of the New York State Energy Research and Development Authority (NYSERDA), is a \$1 billion initiative proposed by Governor Andrew M. Cuomo in his 2013 State of the State address. A key objective of NY Green Bank is to attract private sector financing for energy efficiency and clean energy projects. NY Green Bank is a central component of Governor Cuomo's strategic statewide vision to scale up clean energy markets, enhance New York State's competitiveness for clean energy businesses, and make the State's energy systems more resilient and reliable.

2. WHAT ARE THE PRIMARY OBJECTIVES OF NY GREEN BANK?

NY Green Bank will foster greater private sector investment in projects deploying commercially proven energy efficiency, renewable energy, and other clean technologies. NY Green Bank support will be oriented toward project-related financing and investments will not be made directly in operating businesses.

NY Green Bank will strive to achieve the following primary objectives:

- Provide a bridge to self-sustaining, efficient financing markets for clean energy and energy efficiency.
- Leverage private sector capital to develop sustainable clean energy financing markets.
- Increase the amount of clean energy deployed for every dollar of State money spent or invested in the clean energy sector.

- Animate capital markets for the clean energy sector, so as to reduce the cost of capital and the need for government support.
- Spur economic development and clean energy jobs across the State.

3. WHAT TYPE OF FINANCIAL INSTITUTION IS NY GREEN BANK?

NY Green Bank is a state-sponsored investment fund dedicated to overcoming current obstacles in clean energy financing markets and increasing overall capital availability in the clean energy sector through various forms of financial support such as credit enhancement, project aggregation, and securitization. NY Green Bank will partner with private sector intermediaries, including financial institutions and industry participants such as ESCOs (energy service companies), developers, owner/operators, and equipment manufacturers, to alleviate the foregoing market barriers, thereby mobilizing the flow of private capital to fill the existing clean energy finance market gaps. By collaborating with the private sector, NY Green Bank will leverage its funds with private capital to facilitate the transition to New York State's clean energy future.

In most cases, NY Green Bank will invest alongside other capital providers and work with industry participants who deal directly with end-use customers. Ideal partners are entities that are achieving success in clean energy markets but whose success is limited by lack of available financing.

NY Green Bank will not accept deposits and it does not intend to offer loans or financing directly to consumers.

4. HOW IS NY GREEN BANK FUNDED?

On December 19, 2013, the New York State Public Service Commission (PSC) issued an **Order** establishing NY Green Bank and providing for initial capitalization in the amount of \$165.6 million. The Order was issued in response to a petition filed by NYSERDA on September 9, 2013 seeking \$165.6 million of uncommitted funds raised through clean energy surcharges on the State's investor-owned utility customers. Combined with \$52.9 million in auction proceeds from the Regional Greenhouse Gas Initiative, NY Green Bank has an initial capitalization of \$218.5 million.

Future funding for NY Green Bank is likely to come from these sources, pursuant to subsequent proceedings.

5. WHAT GENERAL INVESTMENT CRITERIA WILL BE USED BY NY GREEN BANK?

NY Green Bank participation in financing arrangements will be in support of clean energy projects using commercially proven technologies. NY Green Bank will employ investment criteria to evaluate all of its potential financial transactions. Investment criteria listed in its first RFP include:

- Transactions will have expected financial returns such that the revenues of NY Green Bank on a portfolio basis will be in excess of expected portfolio losses.
- Transaction creditworthiness, pricing competitiveness on a risk-adjusted basis, and relevant experience and track record of all parties included in the project will be evaluated.
- Transactions will be expected to contribute to financial market transformation in terms of the ability to scale or replicate, improve private sector institutional underwriting, increase level of awareness and confidence in clean energy investments, progress toward capital market solutions, and/or other aspects of market transformation.

- Transactions will have the potential for expected clean energy outcomes concerning energy savings and/or clean energy generation that will contribute to greenhouse gas reductions in support of New York State's clean energy policies.
- Other considerations as they relate to NY Green Bank's portfolio, such as technological diversity and geographic distribution.

6. WHAT SORT OF RISK MANAGEMENT PROCESSES WILL NY GREEN BANK EMPLOY?

NY Green Bank will operate within NYSERDA's system of internal controls. In addition, NY Green Bank will seek to apply banking and investment industry best practices with regard to risk management and compliance, including processes and procedures for evaluating and selecting proposals. An investment committee, which will include senior officers of NY Green Bank and NYSERDA, will be required to approve any material financial transaction prior to closing.

7. HOW WILL NEW YORKERS BENEFIT FROM NY GREEN BANK?

All New Yorkers stand to gain from a cleaner environment, a more resilient energy system, and economic benefits including the creation of new jobs as a result of newly financed projects and the accelerated expansion of New York State's clean energy economy. In addition, NY Green Bank will increase private investor confidence in clean-energy projects and maximize the leverage of public-sector capital by expanding private investment in these projects and by recycling funds. As NY Green Bank investments mature, the funds will be used again to support additional beneficial clean energy projects.

8. WHEN WILL NY GREEN BANK BE OPEN FOR BUSINESS AND HOW CAN INTERESTED PARTIES ENGAGE?

NY Green Bank expects to engage potential partners in the first quarter of 2014. Those interested in learning more about NY Green Bank are encouraged to sign up to receive more information at www.greenbank.ny.gov.

9. WHAT WILL NY GREEN BANK'S RELATIONSHIP BE WITH CURRENT INCENTIVE PROGRAMS?

NY Green Bank financing does not preclude the use of available incentives. Where applicable, NY Green Bank will work to complement existing incentive programs, ensuring an integrated and optimal use of ratepayer funds.

10. WHAT WILL BE THE GREEN JOBS-GREEN NEW YORK (GJGNY) PROGRAM'S RELATIONSHIP TO NY GREEN BANK?

The GJGNY program, and funding authorized in the original legislation, will continue to be offered in accordance with the authorizing legislation. NY Green Bank will not draw funding from the GJGNY program. However, NY Green Bank finance solutions may enhance and/or support GJGNY program activities.

NY Green Bank helps to enable greater private investment in New York State's growing clean energy economy by opening up financing markets and expanding availability of capital to implement energy efficiency and renewable energy projects. Through innovative financing solutions and strategic partnerships with lenders and investors, NY Green Bank seeks to significantly accelerate the deployment of commercially proven clean energy technologies throughout New York State.

