

State and Local Energy Investment Partnerships

Partnerships for Low Cost Clean Energy

The Vision

- 1. Double the deployment of wind, solar, geothermal, and other renewable electricity generation by 2020.**
- 2. Cut in half the energy wasted by our homes and businesses over the next 20 years.**

- President Barack Obama, 2013 State of the Union Address

The Challenge

1. Taxpayer and ratepayer funds alone cannot finance a 20% increase in energy efficiency across all of America's buildings.
2. Nor can diminishing public dollars fund a scaled increase in deployed renewable energy to meet energy security and climate goals. Federal clean energy funding will decline 75% by 2014 from 2009 levels. *

*Source: Beyond Boom or Bust: Putting Clean Tech on a Path to Independence

The Opportunity

Energy Investment Partnerships (EIPs)

What's an EIP?

Public-private lending entities (two main types)

With the authority to raise capital through various means, including bonds, sale of equity, legislative appropriations, dedication of utility regulatory funds, or foundation grants

For the purpose of supporting, through loans and credit enhancements, energy efficiency and renewable energy projects

*Credit: NRDC & Coalition for Green Capital

EIPs: First Principles

- Loans and credit enhancements, not grants
 - Loans, loan guarantees, LLRs and other credit enhancements replace grants or rebates to mature technologies to leverage funds
- Private capital partnerships
 - Structured to facilitate co-lending with private sector institutions and access the secondary markets through pooling and securitization
- Political Independence & Flexibility
 - Conducts business without ongoing legislative approval or appropriation and merges multiple-source funding
 - Has flexibility to design products and adapt to market changes
 - Professional staff compensated at non-profit market rates
 - Governed by transparent, risk-limiting standards and lending best practices

Barriers & Best Practices

Barriers

- Successful top-down model requires approval & support from multiple public and private stakeholders and in many cases, legislative action
- Culture of grantmaking
- Entrenched interests
- Language
- Capitalization and Employee One

Best Practices

- Models & programs under development in CA, CT, FL, HI, OH, OR, NY, VT and others...

Conclusions

1. Energy Investment Partnerships leverage private capital efficiently to access the capital markets; they provide us with the financial tools we need to meet our clean energy goals
2. DOE can provide state and local leaders with emerging best practices and connect leaders from “first wave” states to each other, in order to facilitate the emergence of national clean energy markets, rather than myriad state markets



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