

THE CLIMATE ACCESS FUND

Social Equity through Clean Energy

*MIE Place-Based Week - Baltimore: What
Does It Mean for Maryland to Invest in Place?*

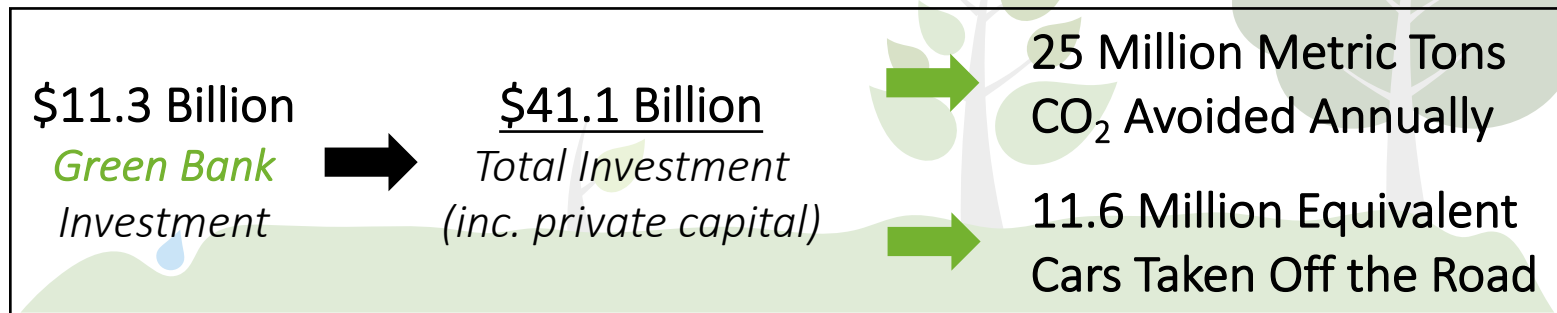
May 22, 2020

OVERVIEW

- ❑ Mission and Goals of the Climate Access Fund (“CAF”)
- ❑ Structure of CAF
- ❑ CAF Strategies
- ❑ Financial Products Offered by CAF
- ❑ Lessons Learned about Impact Investing
- ❑ Current Status

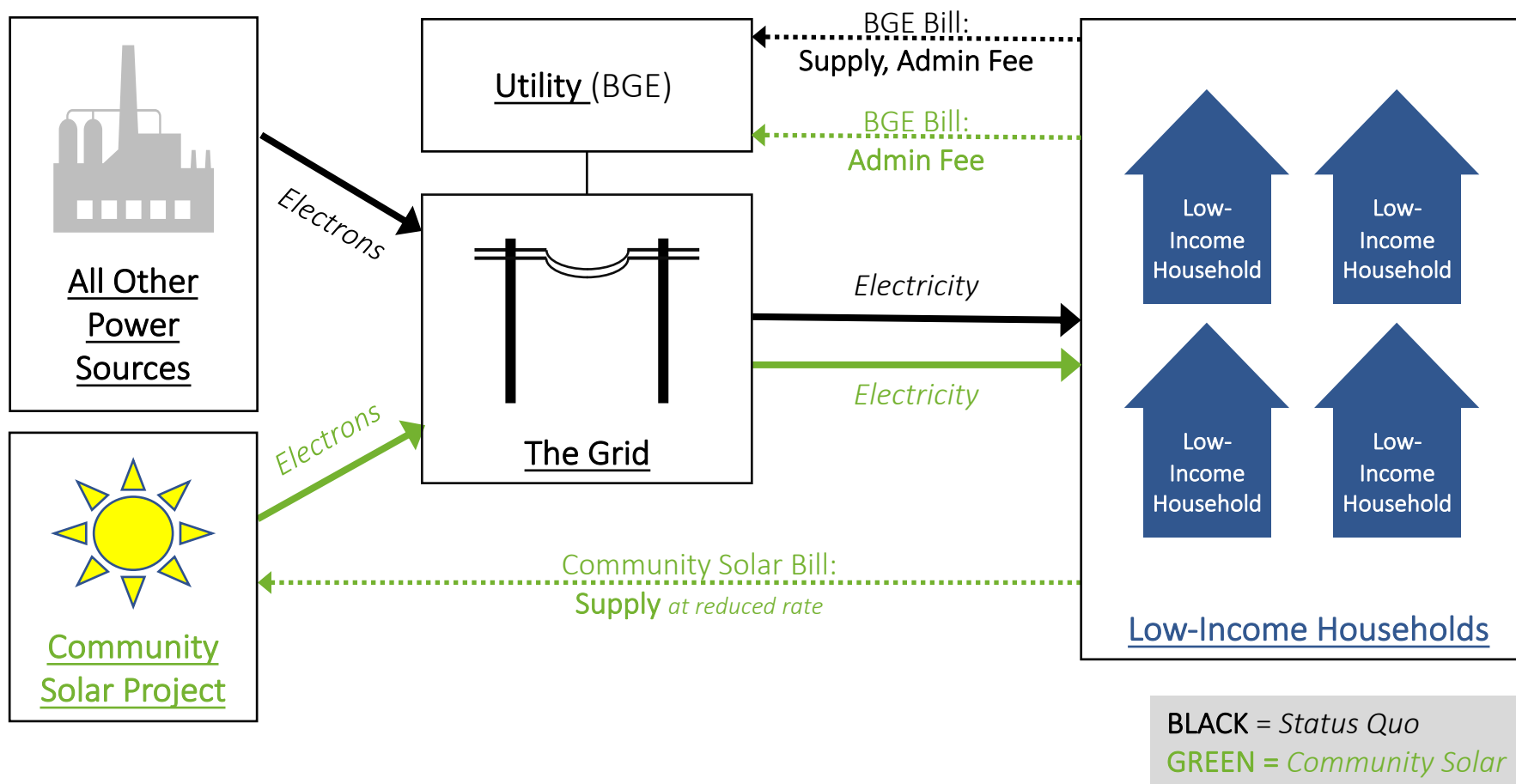
STRUCTURE OF THE CLIMATE ACCESS FUND

- ❑ CAF is a Baltimore-based nonprofit organization established in 2017
 - ❑ The Coalition for Green Capital (“CGC”), an internationally-recognized green bank advocate, incubated CAF
 - ❑ CAF is a member of the American Green Bank Consortium
- ❑ CAF is a “Green Bank” focused on low-income household access to clean energy
 - ❑ A *Green Bank* is a dedicated public/quasi-public or nonprofit finance entity designed to partner with private capital to fill clean energy capital gaps
 - ❑ *Green Banks* exist or are in formation in 14 states and 4 countries, with the following cumulative impact to date:



APPENDIX A: HOW COMMUNITY SOLAR WORKS

❑ How Low-Income Community Solar works in Maryland:



MISSION AND GOALS OF THE CLIMATE ACCESS FUND

❑ MISSION

To ensure that traditionally underserved communities meaningfully participate in the new clean energy economy

❑ GOALS

- ❑ Reduce greenhouse gas emissions through solar energy generation
- ❑ Increase low-income household access to and savings from clean energy
 1. Maximize the number of Maryland's low-income households connected to solar power
 2. Reduce low-income energy bills through Maryland's Community Solar Pilot Program
- ❑ Drive private investment capital into the low-income community solar market
 1. Provide attractive gap financing to facilitate private investment
 2. Demonstrate the creditworthiness of low-income households

THE CLIMATE ACCESS FUND'S STRATEGIES

☐ STRATEGY 1: RAISE FLEXIBLE CAPITAL

CAF raises grant funding, guaranty capital, and low-cost debt from public and private sources

☐ STRATEGY 2: FINANCE EMERGING PROJECTS

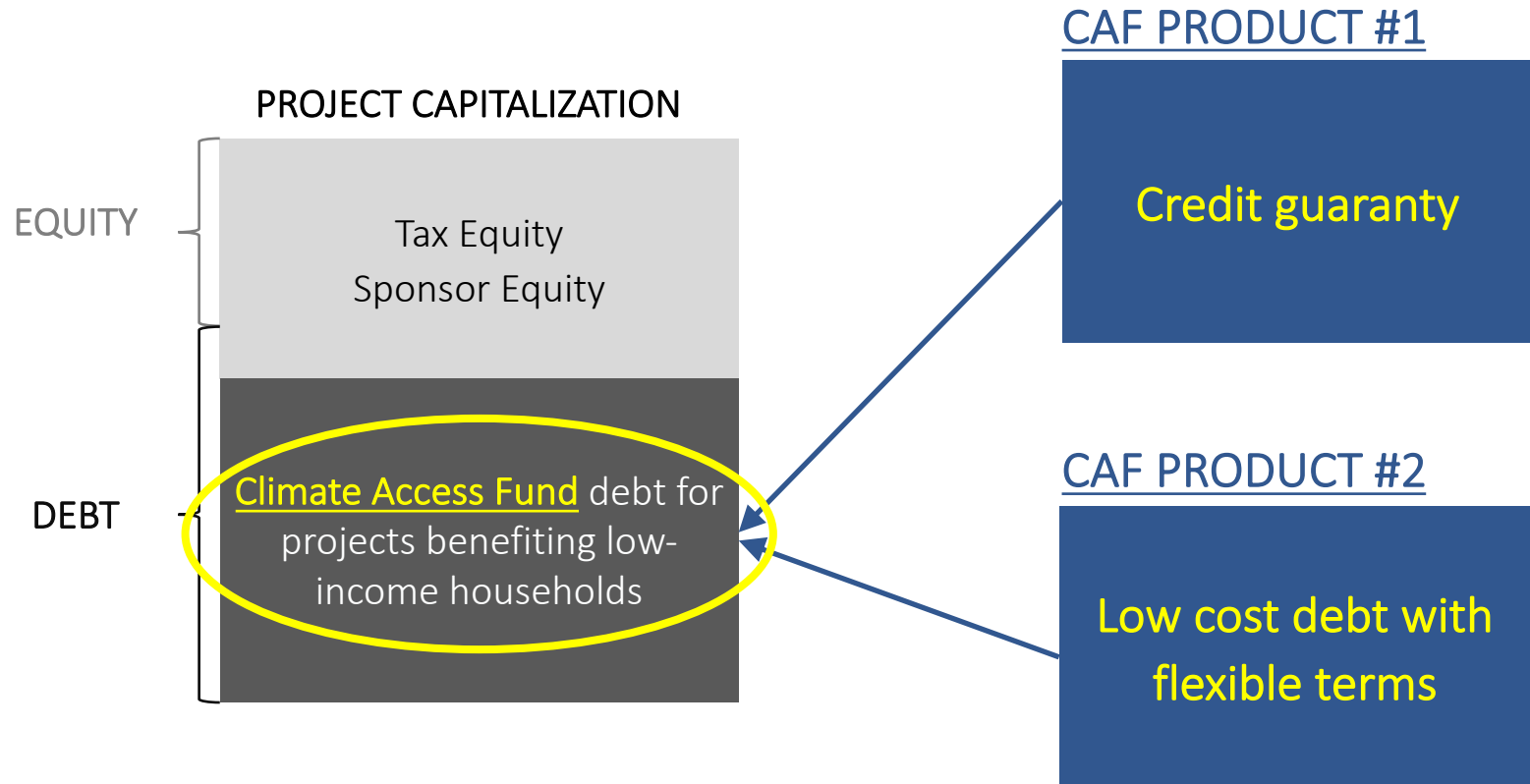
CAF incentivizes project developers to maximize both the number of LMI households they serve and the electricity rate discounts they offer to LMI households

☐ STRATEGY 3: ORIGINATE NEW PROJECTS

CAF originates projects that test the boundaries of the market

- ☐ 100% LMI projects rather than 30% or 51% LMI projects
- ☐ Projects located on commercial/industrial rooftops rather than on open space

FINANCIAL PRODUCTS OFFERED BY THE CLIMATE ACCESS FUND



CURRENT DEMAND, EXPECTED RETURN

- ❑ **Debt + Guaranty: Two (2) CAF projects in development**
 - ❑ 2.3 MW of power for 470 LMI households
 - ❑ \$1 million in guaranty capital raised; \$1.7 million in debt capital identified
- ❑ **Guaranty only: Seven (7) new projects in development**
 - ❑ 12.2 MW of power for 2,513 LMI households
 - ❑ \$4.7 million in guaranty capital needed
- ❑ **Expected return on \$5.7 million in guaranty capital**
 - ❑ Unused guaranty funds to be recycled for additional projects
 - ❑ Estimated \$216 annual savings for nearly 3,000 LMI households for 7 years*
 - ❑ Estimated \$4.5 million in collective LMI savings over 7 years*
 - ❑ Estimated 98,756 metric tons in carbon reduction for LMI households across 7 years** (21,336 passenger cars driven for year; 108.8 million pounds of coal burned)
 - ❑ Estimated \$26.4 million in private debt and equity leveraged for LMI portion of projects

* Calculated using historical YOY change in Maryland electricity rates, using 20% and 25% discount rates (depending on project), and allocating 85% of expected annual LMI household consumption (estimated to be 8,000 kWh/year)

** Using MEA system capacity factors and power allocated to LMI households. <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

PLACE-BASED INVESTING: LESSONS LEARNED

- ❑ **Impact investing in a new market requires flexibility, risk tolerance**
 - ❑ For place-based investors, impact investing in known markets may feel like enough risk
 - ❑ Lack of investor familiarity with solar market requires learning curve
 - ❑ Longer time horizon can be a challenge (7- to 10-year terms; project development requires 12-18 months)
- ❑ **Commercial-scale solar projects are capital-intensive, but place-based investors new to impact investing may have limited capital to invest**
- ❑ **Lack of investor familiarity with the solar market requires education (“bang for buck”)**
- ❑ **Helpful to find investors who prioritize the triple bottom line return**
- ❑ **One size does not fit all**
 - ❑ Public, philanthropic grants for guaranty to leverage private debt, equity
 - ❑ Mission-oriented bank for debt

CONTACT INFORMATION

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APPENDIX B: LYNN HELLER, CEO

Prior to launching the Climate Access Fund, Lynn Heller served as Vice President of the Abell Foundation, where she oversaw the foundation's operations and managed the Foundation's environmental grants portfolio.

She worked as a strategic planning and management consultant to nonprofit organizations in Maryland for ten years, and launched start-up political and economic development initiatives in Baltimore, California and Indonesia before becoming a consultant.

Ms. Heller served for nine years as a founding member of the Baltimore Sustainability Commission, is a former member of the Maryland Commission on Climate Change and is a current board member of the Maryland League of Conservation Voters. Ms. Heller earned an M.A. in Public Policy from Harvard University's Kennedy School of Government and a B.A. from Princeton University, *cum laude*.