

# A green public lender in Vermont

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# Introduction

- What is a green public lender?
- VT debate on “green banks”
- Treasurer’s *Climate Infrastructure Financing Report*
  - Recommendation 4: proposed credit facility
  - Recommendation 5: further work on clean bank models
  - Recommendation 6: Close working relationship with the Climate Action Office
  - Recommendation 8: Elective pay working group
- **Goal of this presentation is to identify the need in VT and speak to the legislature’s options for addressing it.**

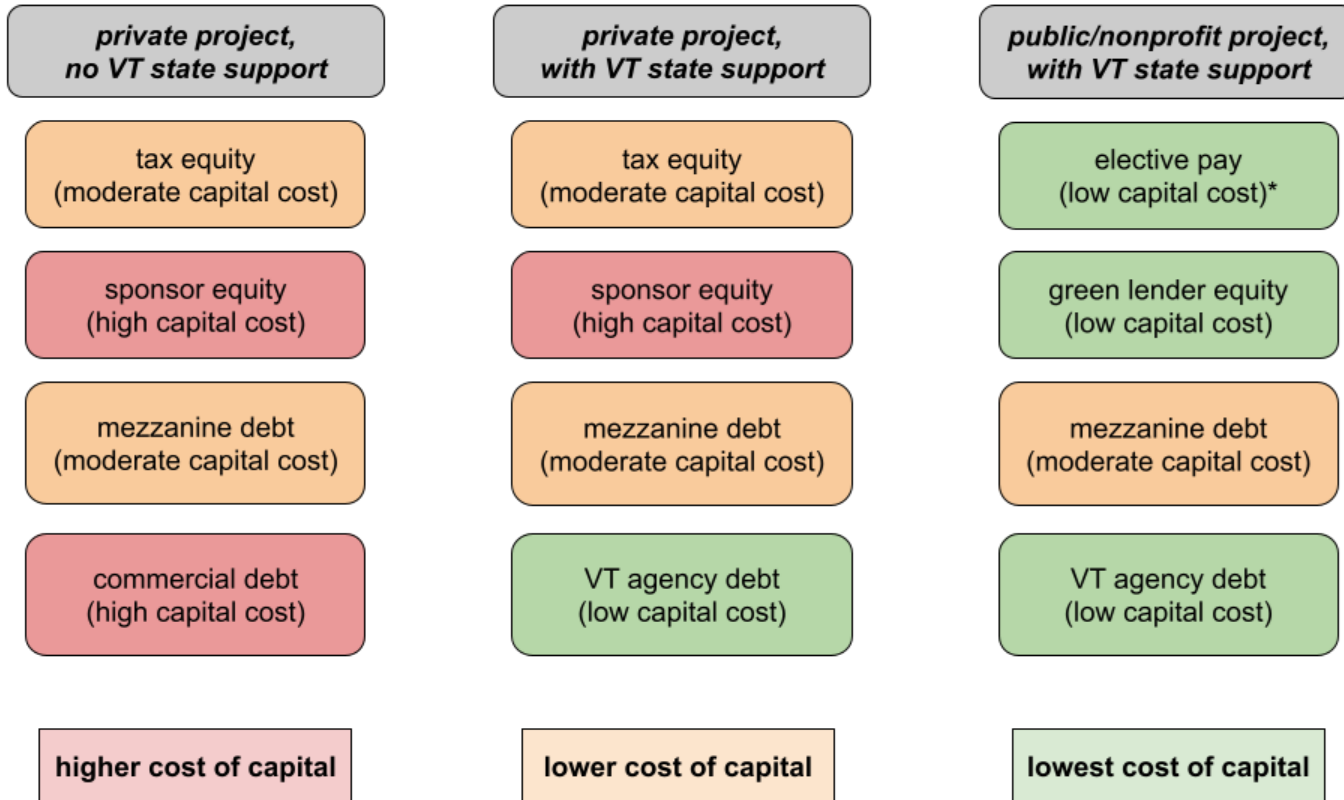
# Existing public lenders and climate institutions

- Vermont Economic Development Authority (VEDA)
- Vermont Housing and Conservation Board (VHCB)
- Vermont Housing Finance Agency (VHFA)
- Vermont Bond Bank
- Clean Energy Development Fund (CEDF)
- 10% in VT Program
- Climate Action Office
- Departments of Public Services and Energy Conservation. Agency of Natural Resources
- **Need: coordination and capitalization of climate-related investment projects that line up with ambitious state strategies**

# Project development in VT

- Public project development: the involvement of state or city instrumentalities in owning, operating, financing, or otherwise facilitating the growth of strategic assets in VT. Ex. housing and energy
- In order to accelerate growth, projects need:
  - Bridge or construction financing
  - Replacement for mezzanine or equity financing
  - (Public or private) owners/operators/lessors willing to take on risk
  - Supply of additional contracting, construction, and underwriting capacity
- In order to accelerate growth, the state needs:
  - Capacity to plan future projects, identify current projects, and deploy authorities and funding to projects
  - Capacity to link sources of finance to the specific capital stacks of projects
  - Capacity for project development

*simplified project developer capital stacks*

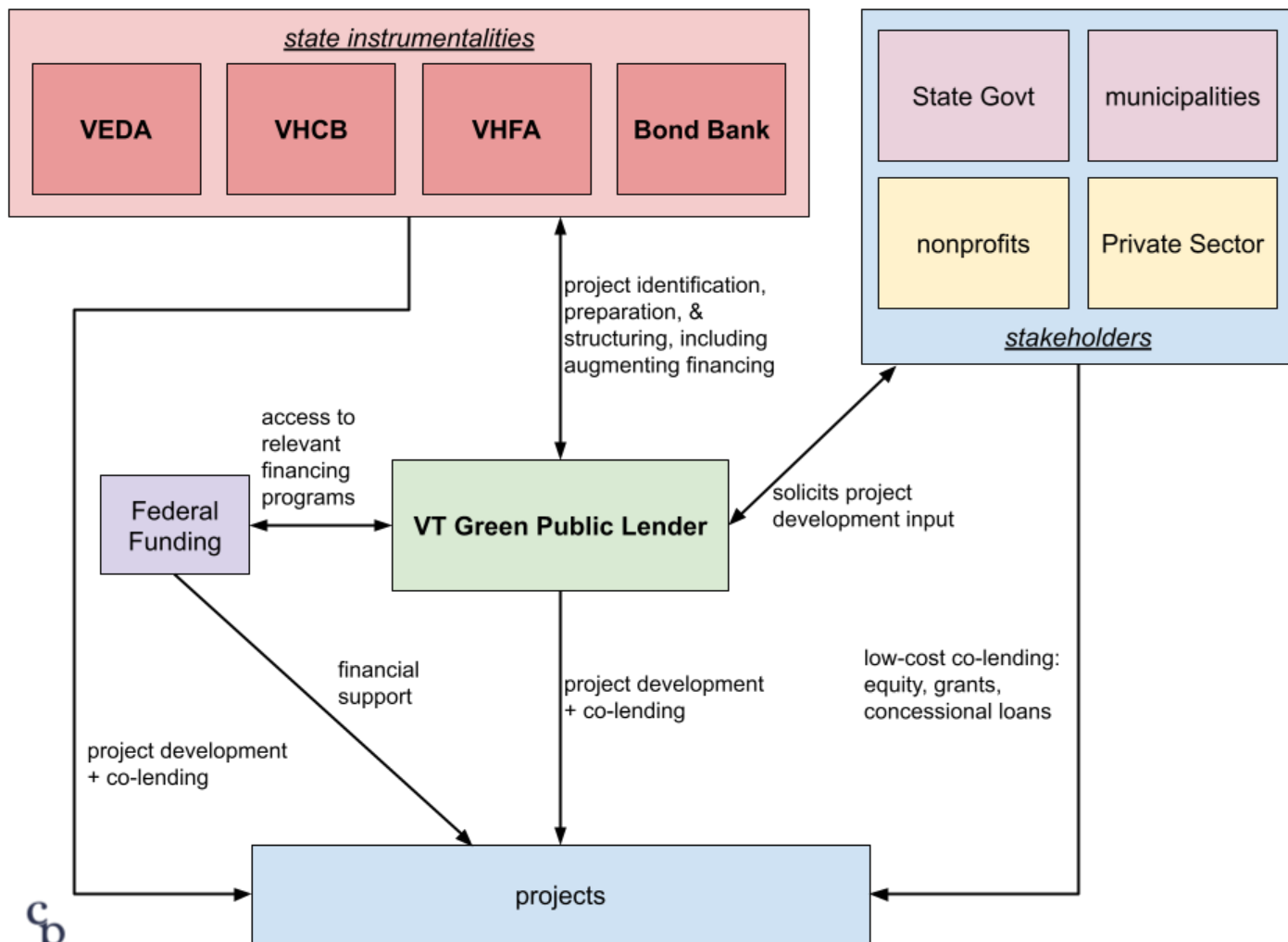


# Federal opportunities

- Elective pay: tax credits to subsidize capital expenditure in clean generation, storage, electric vehicles, and other eligible capacities by public and nonprofit entities
- Greenhouse Gas Reduction Fund (GGRF)
  - NCIF
  - Solar for All
- Department of Energy Loan Programs Office (LPO) Title 17 facilities
  - SEFI Carveout
- Department of Agriculture loan programs (*e.g.*, RESP)
- **VT needs capacity to identify and integrate federal opportunities that can augment efforts to meet its climate goals and complement statewide development efforts. Federal financing needs an infrastructure.**

# Principles for establishing a green public lender

- Wide range of financing authorities and project structuring capabilities
  - VT instrumentalities must be able to deploy these for climate goals
  - The public lender should have its own lending and/or equity facilities
  - Periodic capitalization?
- Coordinates existing VT instrumentalities, businesses, and nonprofits towards strategic goals or targets
  - Optimize capital investment across agencies
  - Build partnerships with local government, labor, & community stakeholders
- Sufficient staff and technical assistance capabilities
  - Underwriting, structuring, loan syndication
  - Elective pay applications
  - Sectoral expertise





# How would the green public lender facilitate projects?

- Design and deploy innovative financing tools to utilize federal and state financing
  - Co-financing via concessional loans, fixed-rate construction bridge financing, and loan guarantees
  - Buying out financially struggling private projects, strategic equity investments to lower project cost of capital
  - Revolving funds
- Facilitate elective pay for direct ownership of renewable generation and storage resources
- Project preparation and technical assistance
  - Site identification, impact assessment, community benefit agreements, project labor agreements, elective pay advisory work and program design
- Intragovernmental coordination with CAO to create project pipelines for strategic sectors

# Contact

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