



633 Third Avenue, 34th Floor
New York, New York 10017

February 18, 2014

Hon. Kathleen H. Burgess
Secretary
New York State Public Service Commission
Three Empire State Plaza
Albany, New York 12223-1350

Re: Filing requirement in Case # 13-M-0412, Order Establishing the
New York Green Bank and Providing Initial Capitalization

Dear Secretary:

Pursuant to the Commission's December 19, 2013 Order granting the petition of the New York State Energy Research and Development Authority for the initial capitalization of the New York Green Bank, we are hereby submitting for filing and service the attached Organization Plan, as required by the third ordering clause on page 24 of the Order:

"NYSERDA shall develop and file an organization plan for the Green Bank within 60 days of the date of this Order. At a minimum, the organization plan shall provide (1) a list of key milestones for the establishment of the Green Bank; (2) a timeline for organizing the Green Bank; and (3) descriptions of the selection process for the Advisory and Investment Committees and the role of the committees, as well as appropriate conflict of interest policies for members of each committee."

Please contact me at 212.803.3104 or alfred.griffin@greenbank.ny.gov if you have any questions regarding this filing.

Sincerely,

A handwritten signature in black ink, appearing to read "Alfred Griffin".

Alfred Griffin
President, New York Green Bank

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

Petition of the New York State Energy
Research and Development Authority
to Provide Initial Capitalization for
the New York Green Bank

Case 13-M-0412

**New York Green Bank Organization Plan
Filing for the Public Service Commission
February 18, 2014**

I. Introduction

This Organization Plan filing for the New York State Public Service Commission outlines the major activities and milestones necessary to establish and organize the New York Green Bank (“NY Green Bank”). In addition, this filing outlines the framework for the Advisory and Investment Committees, including the role of each Committee and the selection process for the respective members.¹

Since the NY Green Bank is in a start up phase and many organizational matters are still in development, some milestones may be revised and key dates may shift due to normal business planning practices. Pursuant to the Order, relevant updates to this Organization Plan shall be included in the quarterly Green Bank status reports filed with the Commission. The first quarterly report will be filed at the end of the third quarter of 2014.

II. About 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. By collaborating with the private sector, NY Green Bank will leverage its funds with private capital to facilitate the transition to New York’s clean energy future. NY Green Bank is a part of Governor Andrew M. Cuomo’s strategic statewide plan to scale up clean energy, enhance New York State’s competitiveness for clean energy businesses, and make energy systems more resilient and reliable.

NY Green Bank will not accept deposits and it does not intend to offer loans or financing directly to consumers. Rather, it will partner with energy service companies, regional banks, larger multinational

¹ The Organization Plan is filed as directed by the Commission’s “Order Establishing New York Green Bank and Providing Initial Capitalization” (the Order), issued and effective December 19, 2013.

banks, specialty finance companies and other investors and lenders to support economically viable clean energy projects. NY Green Bank's 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 work to deploy commercially proven technologies and projects in the areas of energy efficiency and clean energy generation. These are technologies and applications in projects that are in demand by end-users, are economically viable, and can support a commercial cost of debt, but for which debt capital is not readily provided by the markets due to regulatory or other market barriers.

NY Green Bank will employ investment criteria by which it will evaluate all its potential financial transactions. At a minimum, the criteria shall 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;
- Transactions will be expected to contribute to financial market transformation in terms of scale, improved private sector participation, level of awareness and confidence in clean energy investments, and/or other aspects of market transformation; and
- Transactions will have the potential for energy savings and/or clean energy generation that will contribute to greenhouse gas reductions in support of New York's clean energy policies.

III. Key Milestones in the Establishment of NY Green Bank

As a division of NYSERDA, NY Green Bank will leverage and have direct access to many of the organizational functions and resources necessary to support the establishment and ongoing operations of NY Green Bank. These include: Marketing and Communications, Finance and Accounting, Legal, IT, Human Resources, Evaluation and Performance Management, solicitation development and contracting, technology and program expertise, and similar support areas. While these support functions and resources are already supporting NY Green Bank, several key milestones must be achieved in the areas of capitalization, staffing, operations and procedures, outreach and education, regulatory filings, marketing and communications, and business development (See Table 1 for a list of key milestones).

As of the date of this filing, some major milestones have already been achieved. On December 19, 2013 the New York State Public Service Commission approved \$165.6 million in reallocated clean energy ratepayer funds which has been combined with approximately \$52.9 million² in funding from allowance sales under the Regional Greenhouse Gas Initiative for an initial NY Green Bank capitalization of approximately \$218.5 million. Recruitment efforts have been successful in acquiring executive and key staff from the finance and banking community. Outreach, education, and marketing activities with the stakeholder, business and finance communities have been effective in building NY Green Bank

² An additional \$8.2 Million in RGGI auction proceeds have been allocated to the Green Bank since the filing of NYSERDA's September 13, 2013 Petition requesting Commission approval of \$165.6 Million in capitalization.

awareness and support. Most notably, on February 5, 2014, NY Green Bank officially opened for business through the issuance of a competitive solicitation which seeks investment proposals from the marketplace. (<http://greenbank.ny.gov/RFP1.aspx>)

While the achievement of the key milestones referenced in this filing will ensure the successful establishment of NY Green Bank, several critical activities will continue and additional operational capabilities will be developed to improve the effectiveness of NY Green Bank and optimize its position in the marketplace. NY Green Bank will hire additional personnel as needs are identified, transactions are closed, and future capitalization actions result in a scaling up of activities. Outreach, education, and marketing are critical to creating awareness, building support, and driving NY Green Bank demand – the management team will continue to enhance these efforts on an ongoing basis. NY Green Bank will refine business processes as the organization matures and ongoing performance assessments reveal opportunities for improved program effectiveness. NY Green Bank will commence product development efforts as market demands are revealed through the initial solicitation process and further market research and analysis.

Table 1 - Milestones to Establish NY Green Bank

<u>Milestone</u>	<u>Status</u>	<u>Notes</u>
File Phase I Capitalization Petition with the Commission	Completed	Filed September 9, 2013
Commission Approval of Phase I Capitalization Petition	Completed	Order Issued December 19, 2013
Participate in the Regional Greenhouse Gas Initiative Annual Stakeholder Meeting	Planned	Presentation on NY Green Bank activities and business plans - May 2014
NYSERDA Board Approval for future RGGI funding, if applicable	Planned	June 24, 2014 Board Meeting
Phase II Capitalization	Planned for 2H2014	Engage in Regulatory Proceedings and/or activities related to future Green Bank capitalization, as appropriate
Establish Organizational Structure	Completed	See attached preliminary Organizational Chart
Hire Senior Executives	Completed Completed Near Completion Ongoing	Hired NY Green Bank President Hired Managing Director 2 nd MD candidate identified Additional executive staff added as needed

Hire Key Staff	Completed	Hired two Sr. Associates
	Completed	Dedicated NYSERDA Attorney to NY Green Bank
	Completed	Hired an Associate
	Near Completion	Office Manager candidate identified
	Ongoing	Additional staff added as needed
Retain Outside Legal Counsel	Completed	Competitive solicitation issued November 8, 2013, awards made during January 2014
Form Advisory Committee	In-Progress	Detail in Section IV below
Form Investment Committee	Completed	Detail in Section V below
Develop Operations and Investment Processes and Procedures	In-Progress	A letter confirming completion will be filed with the Commission prior to closing a transaction. June/July 2014 expected
Engage in Outreach and Education	Ongoing	NY Green Bank team members have participated in conferences, workshops and seminars to build awareness and support for NY Green Bank. These efforts will continue.
Execute on Commission Order Requirements		
<ul style="list-style-type: none"> • Execute Funding Agreements with Utilities • File Organization Plan • Establish Investment Criteria • Stakeholder Engagement – Metrics & Evaluation Plan • File Metrics and Evaluation Plan • File Business Plan 	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Planned</p> <p>In-Progress</p> <p>In-Progress</p>	<p>N/A</p> <p>Filed February 18, 2014</p> <p>Reflected in Solicitation</p> <p>May 2014 timeframe</p> <p>Filed by June 19, 2014</p> <p>Filed by June 19, 2014</p>
Launch of Green Bank Website	Completed	Launched www.greenbank.ny.gov February 5, 2014

Create Communications and Marketing Materials	Completed	Established initial communications materials, protocols, and inquiry/response processes.
	Completed	Green Bank FAQ and Solicitation Marketing Materials are available on the NY Green Bank website. Other materials will be developed as needed and marketing will continue on an ongoing basis.
Issue Competitive Solicitation Seeking Investment Proposals	Completed	Issued February 5, 2014
Execute First Transaction	In-progress	June/July 2014 – Estimated, depending on proposals submitted in response to the February 5, 2014 solicitation

IV. Advisory Committee Framework

In order to achieve its goals and deliver on its mandate, NY Green Bank will utilize expertise and skills from its staff as well as from professionals outside of the organization. The Advisory Committee will be composed of a group of external experts that will deliver guidance on an ongoing basis to the NY Green Bank management team regarding matters including business planning, strategy, business development, market intelligence, and product development. The recommendations of the Advisory Committee will not be binding, but will be considered by NY Green Bank and the NYSERDA Board, as applicable, in making final decisions.

Membership

NY Green Bank will assemble a diverse group of individuals representing a range of backgrounds that may include energy and environmental issues (preferably focused on the clean energy sector), project development and finance, banking, portfolio management, new venture management / business development, utility and related infrastructure, engineering / technology, and real estate. Members will be well recognized in their respective industries and possess significant experience and expertise. It is expected that there will be seven to nine members of the Advisory Committee.

Selection Process

The Advisory Committee members will be selected by the President of NY Green Bank. In considering and reviewing candidates, the NY Green Bank President will seek input and recommendations from industry professionals. Candidates will be evaluated on their expected individual contribution as well as their expected contribution to the professional diversity of the group. The selected members will be

reviewed and confirmed by NYSERDA's President and CEO. The selection process is in progress and is expected to conclude by the end of May, 2014.

Performance Expectations

The Advisory Committee will convene at least twice per year, or as often as deemed necessary by the President of NY Green Bank and the President and CEO of NYSERDA to best advise and inform NY Green Bank on pertinent matters. Members will be unpaid and will provide their time to NY Green Bank on a voluntary basis. NY Green Bank will develop a written charter for its Advisory Committee members. This charter will formalize the members' commitment to providing guidance to NY Green Bank, including expected activities, operations, other membership details, and compliance with the conflict of interest policy, as described below. In order to keep NYSERDA apprised of Advisory Committee activity, updates will be provided periodically to the NYSERDA Board, in accordance with the normal procedures of the NYSERDA Board.

Conflict of Interest Policy

Like most other advisory committees, a member's knowledge, contacts or interests, financial or otherwise, will be in fields directly relevant to NY Green Bank. It is therefore expected that some members may occasionally have business or personal interests that could give rise to a conflict of interest, either actual or apparent. Accordingly, to maintain the integrity of the Advisory Committee, while permitting NY Green Bank to avail itself of the members' respective expertise, all Advisory Committee members will be required to comply with a written Conflict of Interest Policy. The Conflict of Interest Policy will require that all potential conflicts of interest, actual or apparent, be disclosed; establish a process for the determination of significance; and require recusal from any deliberations involving a matter in which a substantial conflict of interest has been determined to exist. In addition, Advisory Committee members will be required to certify that they will not use their position, or the knowledge gained through membership for their own personal benefit, or to further their own financial interests or the interests of any affiliated entities or persons. This policy will be finalized and included in the Advisory Committee charter, which will be completed prior to final composition of the Advisory Committee.

V. Investment Committee Framework

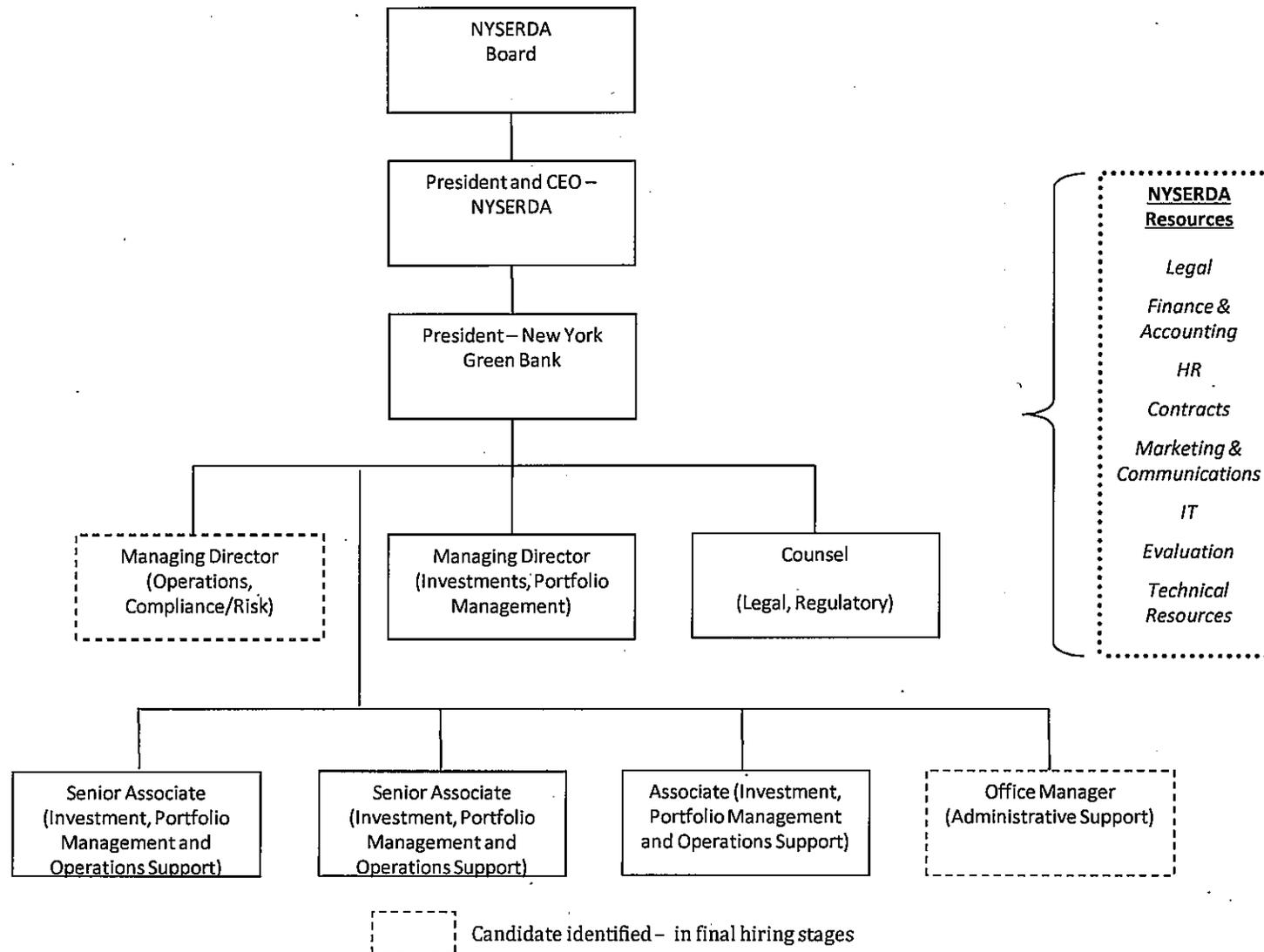
NY Green Bank transactions will be reviewed and approved by an Investment Committee, which will provide appropriate oversight by a diverse group of senior-level NY Green Bank and NYSERDA representatives responsible for ensuring that transactions achieve NY Green Bank objectives. Accordingly, the Investment Committee shall be comprised of NYSERDA's Chair, NYSERDA's President and CEO, NYSERDA's Treasurer, the NY Green Bank President, and one or more NY Green Bank Managing Directors, provided that they are not responsible for the transaction being considered. The

Investment Committee may retain outside consultant support to assist in the discharge of its duties, though any such consultant shall not have approval authority.

In carrying out governance functions, the Investment Committee members will be responsible for complying with New York State Public Officers Law and NYSERDA's Conflict of Interest Requirements and Guidelines.

Attachment to February 18, 2014 Organization Plan

Preliminary NY Green Bank Organizational Structure (Subject to Change)



• Future hires may include (i) additional Managing Directors and/or Directors responsible for Investments/ Portfolio Management and responsible for Compliance /Risk, (ii) additional VPs, Senior Associates, Associates to provide senior support; (iii) additional Office Managers for administrative support; (iv) and/or other roles TBD