

13-M-0412 – Petition of New York State Energy Research and Development Authority to Provide Initial Capitalization for the New York Green Bank

14-M-0094 – Proceeding on Motion of the Commission to Consider a Clean Energy Fund

18-M-0084 – In the Matter of a Comprehensive Energy Efficiency Initiative

INTRODUCTION

New York Green Bank (NY Green Bank), a division of the New York State Energy Research and Development Authority (NYSERDA), submits the following reply comments addressing stakeholder comments received in response to the *Notice Soliciting Comments Regarding the Performance of NY Green Bank and Authorization of Modifications*, issued on January 13, 2025.

NY Green Bank appreciates the comments provided in relation to its *Petition Regarding the Performance of NY Green Bank and Authorization for Modifications* (the Petition), filed October 31, 2024 in the above-referenced proceedings.

BUSINESS PLAN SUMMARY

On July 1, 2025, NY Green Bank filed its 2025-26 Annual Business Plan (Annual Business Plan) covering performance for the period April 1, 2024-March 31, 2025, as well as planned activities for the period April 1, 2025-March 31, 2026. Throughout the Reply Comments below, NY Green Bank makes references to its Annual Business Plan so that the Public Service Commission (PSC or the Commission), Department of Public Service (DPS) Staff, and interested stakeholders can review comprehensive updates regarding NY Green Bank’s recent performance since filing the Petition in October 2024 as well as ongoing activities that are relevant to the 2026-2030 performance period.

NY Green Bank has three key objectives for the 2025-26 Plan Year, which build upon similar objectives and progress achieved during recent years.

1. Drive market transformation by addressing funding gaps for affordable housing, clean transportation, energy storage, and clean energy generation transactions that support progress towards the Climate Leadership and Communities Protection Act (Climate Act) and other State policies and public commitments;
2. Advance the climate-equity focus of NY Green Bank’s products, services, and delivered benefits to support an equitable energy transition for all New Yorkers;
3. Drive market transformation by increasing engagement and knowledge sharing among key industry stakeholders to support the development of the New York State (NYS) climate finance ecosystem.

REPLY COMMENTS

I. NY Green Bank Performance

NY Green Bank performance should be measured using the key annual goals and deliverables as outlined in its Annual Business Plan, and NY Green Bank will continue to track and report on energy and environmental outcomes as informational metrics.

Commenters recommend that NY Green Bank's objectives and performance metrics be tied to energy, environmental, and health outcomes rather than transaction activities. Examples of outcomes suggested by commenters included reduced air pollution and greenhouse gas (GHG) emissions, increased energy affordability, improved health and percentage of buildings upgraded.

Given the activities that NY Green Bank engages in, energy and environmental metrics have always been tracked and reported. NY Green Bank measures and reports the estimated lifetime greenhouse gas emissions reductions for each of its transactions and its cumulative historic portfolio; in fact, this metric is directly tied to one of NY Green Bank's three core investment criteria. In addition to GHG emissions reductions, NY Green Bank measures and reports additional metrics such as total energy savings, electricity savings, natural gas fuel savings, and distributed solar capacity as applicable for the specific technologies financed by NY Green Bank transactions, all of which is outlined in NY Green Bank's Metrics, Reporting, and Evaluation Plan (Metrics Plan) and reported on in NY Green Bank's Quarterly Metrics Reports and Transaction Profiles.^{1,2,3} Additionally, NY Green Bank, as part of NYSERDA, is working with fellow State entities to evaluate methodologies to account for a wider range of co-benefits related to clean energy investments.

It is important to note that while NY Green Bank will continue to measure and report on these energy and environmental benefits, the purpose to NY Green Bank's work is to advance market transformation in the State's financial community, with the goal to increase the confidence and participation of financial institutions in clean energy investment, which is anticipated to then increase the total level of clean energy activity in the State. Some metrics currently identified through third-party evaluation studies to measure those market transformation efforts include improvements in clean energy investment risk-return profiles, increased perceived market opportunity in clean energy lending, and change in the mix of the financial institutions investing in clean energy projects.⁴ As outlined in the Petition, NY Green Bank agrees with commenters that it will benefit from expanded market transformation metrics, both in terms of enhancing its own investment strategies and highlighting the impact NY Green Bank has on NYS clean energy markets, and such metrics will be best determined through the development of the next version of NY Green Bank's Metrics Plan.⁵

NY Green Bank should not be required to establish separate metrics for DAC and non-DAC markets.

Commenters also suggested that NY Green Bank should establish separate metrics for Disadvantaged Community (DAC) and non-DAC markets, as well as separate investment strategies and criteria for market-rate and DAC investments. While understanding the broader point, NY Green Bank would like to clarify

¹ Case 13-M-0412, NY Green Bank's Metrics, Reporting, and Evaluation Plan version 3.1, filed on May 5, 2022

² Case 13-M-0412, NY Green Bank's Quarterly Metrics Reports

³ NY Green Bank's Portfolio webpage: <https://greenbank.ny.gov/Our-Impact/Portfolio>

⁴ See "Market Evaluation" studies and reports on NY Green Bank's Public Materials webpage: <https://greenbank.ny.gov/Public-Materials/Public-Filings>

⁵ Case 13-M-0412, "Petition Regarding the Performance of NY Green Bank and Authorization for Modifications," pg. 69

that “market-rate investments” and “DAC investments” are not mutually exclusive as commenters suggest them to be. As shown in Table 2 of NY Green Bank’s 2025-26 Annual Business Plan, NY Green Bank’s investments that benefit DACs – including both geographic DACs and low-income New Yorkers – span various sectors, from building decarbonization to clean transportation and community solar.⁶ Except for a portion of dollars under the Building Decarbonization category which were funded through the concessionary Community Decarbonization Fund (CDF), most transactions reflected in this table were executed on market rate terms. For example, the table shows that the greatest proportion of NY Green Bank’s DAC progress stems from community solar. It is estimated that 55.6% of community solar project subscribers in NYS are DAC subscribers (including both subscribers residing in geographic DACs and low income subscribers residing outside of geographic DACs), per NYSERDA’s recent “Disadvantaged Communities Factor for Community Solar Projects” technical report, for which the underlying analysis included actual subscriber data from projects supported by NY Green Bank transactions.⁷ This means NY Green Bank has been able to help provide greater access to clean energy and lower energy costs for low-income New Yorkers and residents of disadvantaged communities through a market-rate lending philosophy that has helped mobilize \$2.4B worth of community solar projects across NYS since NY Green Bank’s inception.

Similarly, whether it is predevelopment loans that support energy efficient affordable housing, construction loans supporting the build-out of electric vehicle (EV) charging infrastructure located in DACs, or interconnection financing for distributed storage projects that may help displace heavy polluting peaker plants located in DACs, NY Green Bank seeks to support NYS’ disadvantaged communities across all technologies and sectors it predominantly finances on a market rate basis. To the extent that NY Green Bank should develop additional strategies for how it can deliver the greatest impacts to disadvantaged communities, NY Green Bank agrees with this point and is doing so as it continues to monitor the efficacy of its CDF, through which NY Green Bank has committed \$158MM (63%) of \$250MM in highly concessional capital to support community development financial institutions’ (CDFI) green lending practices in DACs. The underlying principle of NYGB’s model overall is to create transactional histories that enhance technology familiarity and risk-adjusted credit strategies that will attract private capital rather than create a market dependent on public subsidies.

NY Green Bank should continue to strive for a diverse multi-sector investment portfolio that maximizes beneficial ratepayer and policy outcomes.

Building on their metrics recommendations, commenters mentioned that NY Green Bank operates on public dollars and should strive to deliver the greatest beneficial outcomes per dollar it invests. NY Green Bank agrees with this sentiment, and here highlights the nuances of what that approach means for NY Green Bank, particularly in light of commenters’ recommendation that NY Green Bank develop a metric that reflects GHG emissions reduced per term-adjusted dollar of capital invested. As shown in Figure 6 of NY Green Bank’s 2025-26 Annual Business Plan, historically NY Green Bank has been able to support the greatest amount of GHG emissions reductions per \$1MM of ratepayer capital through transactions supporting clean energy generation technologies such as solar and wind, whereas GHG emissions reductions per \$1MM of building decarbonization, clean transportation, and energy storage investments have been much lower comparatively.⁸ This data would suggest that NY Green Bank should prioritize clean energy generation investments to deliver the greatest benefit per dollar it invests. However, as established by the multi-sector investment targets set forth in the 2021 CEF Modifications Order that prioritized diversifying NY Green Bank’s portfolio, and as more recently reinforced in NYSERDA’s 2025-28 Strategic

⁶ Case 13-M-0412, NY Green Bank’s 2025-26 Annual Business Plan, pg. 23

⁷ Disadvantaged Communities Factor for Community Solar Projects technical report: <https://www.nyserda.ny.gov/-/media/Project/Nyserda/Files/Publications/PPSER/NYSERDA/Community-Solar-DAC.pdf>

⁸ Case 13-M-0412, NY Green Bank’s 2025-26 Annual Business Plan, pg. 22

Outlook, it has been widely agreed upon that NY Green Bank should support driving financial market transformation across three distinct sectors of the economy (clean energy [including storage], buildings, and transportation) that have each been deemed a key part of the State’s energy transition.^{9,10} Although GHG emissions per \$MM can be an insightful metric, it is largely driven by the technology type supported, and an incomplete reflection of the multifaceted beneficial outcomes that NY Green Bank’s investments have supported, particularly in key sectors with demonstrated financing needs such as building decarbonization and clean transportation.

To provide balanced, targeted support to NYS climate goals in each of these sectors, NY Green Bank has set multi-year investment and transaction targets for each one, only executing into transactions for which there are demonstrated financing gaps - meaning that as part of the investment due diligence process, NY Green Bank needs to determine that other financing was not available to support that investment. Thus, while NY Green Bank will continue to track and report additional co-benefits that are relevant to each sector, as well as improve how it can demonstrate the market transformation potential of its investments, it is currently striving to deliver the greatest benefits per dollar it invests while balancing the wide-ranging financing needs that each of its priority market segments requires.

II. NY Green Bank Investments

NY Green Bank is not the entity best positioned to offer highly concessional, long-duration loan terms.

A recurring comment made in several contexts is that NY Green Bank should increase its investments in the buildings sector, with a particular focus on affordable housing, and should do so by offering highly concessional (*i.e.*, 2-2.5% interest rate) 30-year term loans. Additionally, commenters suggested that NY Green Bank’s investments in the buildings sector would be more transformative by co-designing capital facilities or otherwise partnering with housing finance agencies (HFAs) such as NYS Homes and Community Renewal (HCR) and New York City (NYC) Housing Preservation and Development (HPD).¹¹ Commenters also believe that NY Green Bank is overly concerned about “focusing on quickly recycling funds through transactions designed to generate profits.”

NY Green Bank focuses on recycling funds relatively quickly to maintain the liquidity necessary to support all of the State’s priority sectors highlighted in the previous section. NY Green Bank’s ability to recycle its capital quickly is what has allowed NY Green Bank to invest, for example, the same dollar of ratepayer capital into a residential solar transaction in 2015, an affordable housing transaction in 2021, and an energy storage transaction in 2024 - meaning that same dollar of ratepayer capital has helped reduce energy costs, increase energy efficiency, and improve grid resilience across three investments over the course of a decade. It is through this model of recycling and reinvesting ratepayer capital into impactful projects, all with the goal of animating greater investment in NYS clean energy markets, that NY Green Bank can effectively steward ratepayer capital and drive financial market transformation.

Regarding the specific recommendation for NY Green Bank to offer up-to 30-year terms loans at interest rates as low as 2-2.5%, it is helpful to first consider NY Green Bank expects to fully commit the \$250MM allocated to the CDF (25% of NY Green Bank’s initial \$1.0B capitalization) by 2027 at a rate of 1.5% for 12 years. This means that this capital, which primarily supports building decarbonization projects (including affordable housing) supporting residents of disadvantaged communities, is expected to be unavailable for

⁹ Case 14-M-00-94, “Order Approving Clean Energy Fund Modifications,” pg. 54

¹⁰ Toward a Clean Energy Future: A Strategic Outlook 2025 – 2028. <https://www.nyscrda.ny.gov/-/media/Project/Nyscrda/Files/About/Strategic-Plan/Strategic-Outlook.pdf>

¹¹ See section “VI. Coordination and Collaboration” below for NY Green Bank’s response to the comment about co-designing capital facilities or otherwise partnering with housing finance agencies.

NY Green Bank to recycle into new transactions until 2035 at the earliest. While deeply impactful, the CDF capital is highly illiquid. If NY Green Bank were to follow commenters' suggestions of offering an additional \$450MM toward building decarbonization and affordable housing over the 2026-2030 period primarily through concessional 30-year term loans, NY Green Bank would be unable to support its investment targets in the State's other priority sectors and would need to seek liquidity solutions that would result in a higher cost of capital than what that large, concessional portion of the portfolio could generate in returns. In order to continue being a responsible steward of ratepayer capital, NY Green Bank maintains the position outlined in the Petition that while it agrees that long term, low-cost capital would be beneficial to the buildings sector, NY Green Bank is not well suited to provide that type of capital.

NY Green Bank agrees that it can increase commitments to affordable housing decarbonization.

As it relates to NY Green Bank's proposed investment targets in the buildings sector for the 2026-2030, NY Green Bank agrees with commenters' suggestions that it can increase the amount that it commits toward affordable housing specifically. In the Petition, NY Green Bank proposed the following building sector targets:

- "\$250.0MM committed, or a minimum of 25 transactions closed, for building decarbonization investments
 - o 40% of this target (\$100.0MM or a minimum of 10 transactions) would be dedicated to supporting building decarbonization measures in affordable housing"

Based on commenters' feedback and NY Green Bank's recent progress made toward its 2020-2025 affordable housing investment target as highlighted in its 2025-26 Annual Business Plan,¹² NY Green Bank proposes increasing the affordable housing portion of its 2026-2030 building decarbonization target to be \$200MM or a minimum of 20 transactions (80% of the overall building decarbonization goal). This \$200MM target amount represents a 33% increase from NY Green Bank's \$150MM affordable housing target for 2020-2025 period. Please refer to NY Green Bank's 2025-26 Annual Business Plan for examples of the early-stage financing gaps that NY Green Bank intends to address to support affordable housing in 2025 and similarly in the 2026-30 period.¹³

NY Green Bank emphasizes that its solutions for the affordable housing market should be balanced within its multi-sector investment portfolio.

Commenters suggested that NY Green Bank can invest more in affordable housing by shifting funds from other sectors, specifically clean energy generation and clean transportation. NY Green Bank maintains its position outlined in the Petition that there are still financing gaps that are critical to address in order to support the State's climate goals in each of these sectors and disagrees with the recommendation to downsize those targets. Please refer to NY Green Bank's 2025-26 Annual Business Plan for demonstrative examples of financing gaps in these sectors that will be relevant for the 2026 – 2030 period.¹⁴

Regarding clean transportation specifically, commenters suggested that since NY Green Bank had invested only 19% of its 2020-2025 target of \$100 million as of October 2024 when NY Green Bank filed the Petition, there was little justification for directing an additional \$150 million investment to this sector and instead these dollars should be shifted to the affordable housing. The clean transportation sector in NYS is still in its early stages, especially from a private financing perspective. Rather than scaling back its support

¹² Case 13-M-0412, NY Green Bank's 2025-26 Annual Business Plan, pg. 24

¹³ Case 13-M-0412, NY Green Bank's 2025-26 Annual Business Plan, pg. 12

¹⁴ Case 13-M-0412, NY Green Bank's 2025-26 Annual Business Plan, pg. 12-13

for this market segment, NY Green Bank sees clear roles for its capital in proving out earlier stage business models and ensuring private sector capital providers are comfortable taking on projects and expanding infrastructure, as NY Green Bank is able to demonstrate how to generate risk adjusted returns on such projects. NY Green Bank would also note that since the filing of the Petition, NY Green Bank has now invested 74% of its 2020-2025 \$100MM Clean Transportation investment target, thanks to closing a first-of-its-kind transaction with Revel, the largest provider of public EV fast-charging in NYC, that was announced by Governor Hochul in February 2025.¹⁵ NY Green Bank's \$60MM loan will enable Revel to more than triple its current NYC public fast charging network, while reducing emissions and increasing access to critical charging infrastructure necessary for the wider adoption of EVs.

As it relates to investment targets, commenters suggested NY Green Bank can invest more in affordable housing by using NY Green Bank's National Clean Investment Fund (NCIF) subaward to augment its market-rate lending activities while dedicating an equivalent amount of ratepayer capital for concessional lending to support affordable housing. Since February 2025, all undisbursed NCIF funds for all prime and sub-awardees remain frozen at Citi at the request of the US. Environmental Protection Agency (EPA). There remains significant uncertainty about the future availability of NCIF funds and NY Green Bank continues to monitor the situation closely. Should NCIF funds become available, NY Green Bank is maintaining operational readiness through NY Green Bank's Request for Proposals 1: Clean Energy Financing Arrangements to evaluate whether proposed projects can be funded with NCIF capital, however, given the significant uncertainty around these funds, NY Green Bank proposes that any Orders from the Commission are not dependent on the potential availability of NCIF capital.

NY Green Bank agrees that it can develop new investment strategies aligned with broader market transformation.

More broadly, commenters recommended that NY Green Bank develop new investment strategies designed to transform markets and move away from "crowding in" private capital as its sole impact strategy. NY Green Bank has served as a catalyst for private sector funding since inception and this should remain a core focus of its work. However, now that NY Green Bank has a decade of investment experience and is a well-established entity, it is well situated to expand its financing expertise to more holistically address issues in clean energy markets. To this end, NY Green Bank will heighten its focus on broader market transformation opportunities to complement NY Green Bank's existing product and transaction specific work.

III. Disadvantaged Communities Impacts

NY Green Bank suggests that it be allowed to maintain the investment flexibility currently authorized to deliver clean energy benefits to disadvantaged communities.

With regard to investments supporting clean energy generation, commenters recommend NY Green Bank focus direct investment on solar-plus-storage and community solar projects that include robust criteria to ensure they serve Low-to-Moderate Income (LMI) customers over the long-term. As outlined in the Petition, NY Green Bank has largely already adopted the commenters' proposed strategy of focusing primarily on clean energy transactions that support a high percentage of LMI or DAC subscribers and/or

¹⁵ Governor Hochul's press release featuring NY Green Bank's transaction with Revel: <https://www.governor.ny.gov/news/governor-hochul-announces-60-million-electric-vehicle-charging-infrastructure>

contain a storage component.¹⁶ As stated by the Commission in the Order Establishing NY Green Bank, “[NY Green Bank] will operate best if given the flexibility to fund based on dynamic market conditions rather than externally-imposed rules.”¹⁷ NY Green Bank believes this flexibility is as important today as it was in 2014, especially considering how potential changes to clean energy policies currently being evaluated at the federal level could impact project economics for solar projects in NYS and create new financing gaps in that sector. NY Green Bank will continue to prioritize community solar projects that benefit a high percentage of LMI and DAC subscribers and/or that contain a storage component, however it will operate best with the flexibility to continue addressing financing gaps as they evolve.

The Community Decarbonization Fund is structured intentionally and should continue to be afforded the operational flexibility necessary to balance impact, liquidity, and risk management considerations.

Commenters recommend the PSC should direct NY Green Bank to increase the CDF with an additional \$250 million and improve its functionality by aligning rules with the markets the fund is designed to serve and leveraging the position and experience of participating lenders. To do this, commenters suggested that NY Green Bank may need to extend loan terms from 12 to 30 years, eliminate the artificial cap of \$25 million for lenders who can effectively deploy larger sums, and enable asset-based as well as balance sheet transactions for experienced DAC lenders. Similar to NY Green Bank’s response in “Section II. NY Green Bank Investments” above to commenters’ request for a large volume of 30-year term loans at 2-2.5% interest rates to support the building and affordable housing sectors, committing an additional \$250MM to the CDF (bringing it to \$500MM and equal to half of NY Green Bank’s \$1B capitalization) at this time would be unsustainable from a liquidity standpoint and thus prevent NY Green Bank from supporting all of the State’s priority sectors.

Furthermore, the \$25MM cap for CDF borrowers is not artificial—it is both a risk mitigation component of the fund to minimize concentration risk to any one specific borrower as well as to ensure that the funds support the green lending practices of a wide range of CDFIs that serve different disadvantaged or under-resourced communities across NYS. As of March 31, 2025, \$158MM (63%) of the \$250MM has been committed to eight different CDFIs, and of that \$158MM committed, \$64MM (40%) has been deployed by CDF borrowers into 11 different projects.¹⁸ With \$92MM of the \$250MM yet to be committed, NY Green Bank continues to prioritize closing transactions with new CDF borrowers to fully commit the fund well ahead of its December 31, 2027 target date. The CDF transactions are also structured intentionally with 2-year availability periods to deploy the funds, balancing the need to allow CDF borrowers time to execute on their pipeline while also ensuring that the capital is being deployed into projects. Thanks to this feature, if NY Green Bank struggles to commit the remaining \$92MM or if existing CDF borrowers struggle to deploy the funds within their respective availability periods, NY Green Bank will consider commenters’ suggestion of adjusting the \$25MM cap and upsizing existing CDF transactions to ensure the funds are being invested efficiently and effectively.

¹⁶ Case 13-M-0412, “Petition Regarding the Performance of NY Green Bank and Authorization for Modifications” Please refer to Figure 6 on pg. 29, Table 4 on pg. 54, and the first paragraph on pg. 67

¹⁷ Case 13-M-0412, “Order Establishing New York Green Bank and Providing Initial Capitalization,” issued December 19, 2013, pg. 16

¹⁸ NY Green Bank’s “CDF Projects” webpage: <https://greenbank.ny.gov/Our-Impact/Community-Decarbonization-Fund/Projects>

IV. Reporting

NY Green Bank will adopt an enhanced reporting framework and continue to align to statewide guidance.

As detailed earlier in the “I. NY Green Bank Performance” section, commenters recommend that NY Green Bank’s objectives and performance metrics be tied to energy, environmental, and health outcomes rather than transaction activities, and NY Green Bank is in alignment with commenters that enhanced reporting methodologies will better illustrate the wide range of benefits NY Green Bank’s investments deliver to New Yorkers. Accordingly, NY Green Bank plans to develop and adopt an updated metrics reporting framework, resulting in the filing of the fourth version of its Metrics, Reporting and Evaluation Plan (Metrics Plan). Enhancements in consideration for this fourth Metrics Plan include the incorporation of metrics that seek to quantify NYGB’s financial market transformation impacts as well as the alignment of metrics related to various developments in DAC definition and reporting, including co-benefits.¹⁹ In the process of revising the Metrics Plan, NY Green Bank will continue to consider relevant stakeholder feedback and ensure that updates to its reporting framework effectively provide insights into NY Green Bank’s impact.

V. Advisory Committee

NY Green Bank’s Advisory Committee should be maintained as the sole advisory body to the NY Green Bank.

Commenters’ suggestions regarding the evolution of the Advisory Committee are generally aligned to the proposal made by NY Green Bank in the Petition. While specific feedback was not largely directed at NY Green Bank’s Advisory Committee, commenters did recommend NY Green Bank establish an Impact Assessment Committee to help develop robust market transformation strategies and performance metrics to enable a more effective review by DPS of NY Green Bank’s performance. Commenters noted this Impact Assessment Committee could potentially offer insight into NY Green Bank’s DAC work by setting targets and criteria for DAC investments. NY Green Bank benefits greatly from its one Advisory Committee and such a group is adequate to meet its assessment needs at this time. NY Green Bank notes that its performance metrics are developed in strict alignment and collaboration with NYSERDA’s other portfolios; specifically regarding NY Green Bank’s DAC investments, performance metrics and criteria used to identify DACs are aligned with the latest guidance established by the Climate Justice Working Group, as required for NYS entities. NY Green Bank also collaborates closely with the NYSERDA Energy and Climate Equity team to ensure approaches to advancing climate solutions equitably are aligned with best practices. Please refer to NY Green Bank’s 2025-26 Annual Business Plan for a recap of the progress NY Green Bank has made regarding its climate equity initiatives since it filed the Petition and the related goals it is pursuing in 2025.²⁰

Commenters also recommended that the PSC should approve members to commenters’ suggested Impact Assessment Committee. NY Green Bank recommends it maintain the right to determine appropriate Advisory Committee members, as afforded in the original PSC Order Authorizing NY Green Bank’s Initial Capitalization, which stated “[the] Advisory Committee will exist purely to provide guidance to the Green Bank. NYSERDA and the Green Bank should therefore have the freedom to determine its membership

¹⁹ Case 13-M-0412, “Petition Regarding the Performance of NY Green Bank and Authorization for Modifications,” pg. 69

²⁰ Case 13-M-0412, NY Green Bank’s 2025-26 Annual Business Plan, pg. 5-7, 13-15

based on the qualifications they believe will be most helpful to meeting the Green Bank's goals."²¹ As mentioned in the Petition, NY Green Bank has historically expanded the expertise represented in its Advisory Committee to ensure it can support the evolving priorities of the State's clean energy policies,²² and NY Green Bank and NYSERDA remain best positioned to select Advisory Committee members that will support NY Green Bank's continued growth as an organization going forward.

In response to the suggestion that NY Green Bank utilize an advisory body to apply market transformation strategies and lessons from peer institutions such as other Green Banks, NY Green Bank notes that while it frequently communicates with and learns from fellow Green Banks both bilaterally as well as through multiple Green Bank industry associations, the New York version of this type of entity is intentionally structured differently. Many other Green Banks often serve broader NYSERDA-like functions in their respective geographies and therefore have more programmatic offerings. In addition, NY Green Bank is the only institution in the US which is fully self-sustaining, meaning that unlike its peers, it does not require ongoing financial support from New York State. This reinforces the benefit derived from understanding and learning from peer institutions, while recommending NY Green Bank maintain its current engagement practices with other Green Banks rather than formally integrating a new committee to advise on such activities.

VI. Coordination and Collaboration

NY Green Bank has a strong track record of successful collaborations that leverage both public and private resources to drive beneficial outcomes in the housing sector, and NY Green Bank should maintain the flexibility to collaborate with any entity as it best sees fit.

Commenters suggest NY Green Bank is too small to drive market transformation in any segment of the housing market on its own, but that it can partner with HFAs like HCR and HPD as well as housing-focused CDFIs that are already in the business of financing, developing or managing large building portfolios. They continue that NY Green Bank can co-design capital facilities to accomplish these organizations' own zero-emission plans and work jointly to demonstrate the transformative potential of its facilities. Commenters also mention that NY Green Bank can partner with major building lenders, developers and owners to help permanently transform segments of the buildings market, especially affordable housing, but doing so may require 30-year loan terms or other highly concessionary forms of financing that align with those markets.

To the commenters' first point regarding partnerships with housing-focused agencies and CDFIs, NY Green Bank would like to highlight several successful collaborations on this front. First, since 2022 NY Green Bank has committed \$53.7MM across three predevelopment loans that have supported the green rehabilitation of nearly 3,500 housing units through the New York City Housing Authority's (NYCHA) Permanent Affordability Commitment Together (PACT) program. Similarly, all eight of NY Green Bank's CDFI borrowers through the CDF focus on housing, and in one instance NY Green Bank has helped one CDF borrower structure its first-ever predevelopment loan, which it executed to support a separate NYCHA PACT project.²³ Furthermore, NY Green Bank has now closed multiple transactions with several leading housing developers, such as Genesis Companies and BRP Companies, that support equitable and sustainable housing developments. Through these examples and more, NY Green Bank has demonstrated that it is committed to working with leaders in the housing sector to increase the stock of energy efficient and affordable housing in a thoughtful, collaborative manner through its current lending philosophy.

²¹ Case 13-M-0412, "Order Establishing New York Green Bank and Providing Initial Capitalization," issued December 19, 2013, pg. 18

²² Case 13-M-0412, "Petition Regarding the Performance of NY Green Bank and Authorization for Modifications," pg. 71

²³ Case 13-M-0412, NY Green Bank's 2025-26 Annual Business Plan, pg. 7

Another successful partnership NY Green Bank has built within the building sector is with the New York City Energy Efficiency Corporation (NYCEEC), a fellow NYC-based green bank that specializes in energy efficiency and clean energy projects in buildings. In addition to providing \$15MM directly to NYCEEC to augment its own lending, NY Green Bank has also participated with NYCEEC as a co-lender on several transactions, most recently in May 2024 supporting two high-performance, deeply affordable housing developments in Brooklyn and the Bronx being developed by Settlement Housing Fund.²⁴ Furthermore, NYCEEC has recently participated as a co-lender with TruFund Financial Services, one of NY Green Bank's CDF borrowers, on predevelopment loans supporting affordable housing that are supported by NY Green Bank's CDF capital, illustrating how NY Green Bank's partnerships and products have supported development of a more robust housing finance ecosystem beyond its own direct transactions.²⁵

NY Green Bank agrees with commenters' note that NY Green Bank is modestly capitalized in comparison to HFAs and is therefore better suited to offer products that complement HFAs' longer-term commitments rather than offering similar, separate 30-year mortgage-like instruments. With specific regard to working in coordination with HCR, HPD, and other HFAs, it is important to highlight that many of the investments in NY Green Bank's portfolio bridge the gap to receiving later-stage project financing from HFAs, other State agencies, and/or private lenders. For example, NY Green Bank's \$2.6MM predevelopment loan to support the sustainability plans of RiseBoro Community Partnership and United Jewish Organization of Williamsburg's Throop Corners development—NY Green Bank's first-ever pre-development loan supporting affordable housing—received later-stage financing from a variety of sources including HPD's Extremely Low and Low-income Affordability (ELLA) program, NYC Housing Development Corporation's (HDC) tax-exempt bonds, DEC's Brownfield Cleanup Program, NYSERDA's New Construction Program, Enterprise Community Partners (tax credit syndication), and TD Bank, N.A (construction financing).²⁶ Throop Corners, which celebrated its ribbon cutting on May 8, 2025, was designed to Passive House standards and is comprised of 140 units of deeply affordable housing. This is a prime example of how NY Green Bank's intervention at early stages of the project development processes is complementary to the subsequent funding roles of other public and private institutions and can result in deeply impactful projects. Other examples of NY Green Bank transactions that have supported affordable housing developments that have received or expect to receive later-stage financing from similar types of entities include all three NYCHA PACT transactions (Reid and Park Rock, Sam City Collaborative, and Rangel Houses), both Settlement Housing Fund transactions, and the Marine Drive Redevelopment transaction in Buffalo, NY.²⁷

Furthermore, NYSERDA has extensive partnerships with both HCR and HPD. As a division of NYSERDA, NY Green Bank has also engaged with HCR and HPD directly over the years when designing and launching new financial products. For example, NY Green Bank's CDF was intentionally designed to complement and not compete with HCR's Climate Friendly Homes, a separate \$250MM fund dedicated to supporting building retrofits for multifamily housing projects.

In terms of direct NYSERDA partnerships that deploy funds through HFAs, NYSERDA's Clean & Resilient Buildings team currently provides 1) incremental project funding to support decarbonization

²⁴ Case 13-M-0412, NY Green Bank's 2025-26 Annual Business Plan, pg. 5

²⁵ NYCEEC "Predevelopment Financing for Passive House Affordable Housing in East Harlem: <https://nyceec.com/deal-spotlight/predevelopment-financing-for-passive-house-affordable-multifamily-housing-in-east-harlem/>

²⁶ North Brooklyn News press release featuring Throop Corners: <https://northbrooklynnews.com/2025/05/30/overcoming-challenges-nonprofits-team-up-build-affordable-housing/>

²⁷ See listed Transaction Profiles on NY Green Bank's Portfolio page: <https://greenbank.ny.gov/Our-Impact/Portfolio>

scopes in regulated, affordable housing buildings going through HCR or HPD refinancing, and 2) technical support and funding for the housing agencies to further their sustainability guidelines and expand their in-house expertise. These goals are accomplished through the “Direct Injection” program, which is part of the Low-to-Moderate Income (LMI) Investment Plan under the Market Development Portfolio of the Clean Energy Fund,²⁸ which shall continue into future years pursuant to the Order Authorizing Low- to Moderate-Income Energy Efficiency and Building Electrification Portfolio for 2026-2030.²⁹

Current programs include:

- Clean Energy Initiative (CEI)³⁰ with HCR (\$100MM) – funding available for existing multifamily buildings receiving Housing Trust Fund Corporation (HTFC) / Division of Housing and Community Renewal (DHCR) 9% Low-Income Housing Tax Credit (LIHTC) RFP, HFA 4% LIHTC Tax-exempt Bond Financing, or HCR Subsidy Financing, including Small Building Participation Loan Program (PLP). Previously open to new construction project applications.
- Resilient and Equitable Decarbonization Initiative (REDi)³¹ with HPD (\$16.5MM) – funding available for existing multifamily buildings receiving City subsidy through an eligible HPD program.

Previous programs included:

- Retrofit Electrification Pilot with HPD (\$24MM) – funding was available for existing multifamily buildings receiving City subsidy through an eligible HPD program.
- Future Housing Initiative with HPD (\$15MM) – funding was available for multifamily projects in HPD’s new construction pipeline.

NY Green Bank believes this combination of providing products complementary to HFAs through bridge financing and deploying funds directly through HFAs through peer NYSERDA programs leverages the strengths of each part of the organization.

More broadly, NY Green Bank welcomes the commenters’ suggestion of enhanced collaboration and will seek out opportunities to work with HCR, HPD, and other agencies to potentially co-design other facilities or develop strategies to ensure collective efforts continue to advance the State’s clean and affordable housing priorities. To support these kinds of efforts, an enhanced focus on broader market transformation activities (previously mentioned in section “II. NY Green Bank Investments”) will improve NY Green Bank’s ability to explore potential collaboration opportunities more proactively with fellow state agencies and other industry organizations as part of its market sounding activities.

As demonstrated by all the ways in which NY Green Bank and fellow NYSERDA programs aim to advance the State’s clean energy transition in a coordinated and collaborative fashion, NY Green Bank believes that the Commission’s original position on NY Green Bank’s need for flexibility is equally relevant today. In the Order Establishing NY Green Bank, the Commission stated, “for us to impose prescriptive instructions on how to execute the market transforming mission that NYSERDA has articulated for the Green Bank would unnecessarily limit the Green Bank’s flexibility and perhaps create insurmountable obstacles to its

²⁸ Clean Energy Fund: <https://www.nyserda.ny.gov/About/Funding/Clean-Energy-Fund>

²⁹ Case 25-M-0249, “Order Authorizing Low- to Moderate-Income Energy Efficiency and Building Electrification Portfolio for 2026-2030,” issued May 15, 2025.

³⁰ HCR Clean Energy Initiative (CEI): <https://hcr.ny.gov/clean-energy-initiative>

³¹ HPD Resilient & Equitable Decarbonization Initiative (REDi): <https://www.nyc.gov/site/hpd/services-and-information/redi.page>

success...Therefore, we decline to require the Green Bank to fund specific projects or to partner with specific entities in any particular manner.”³²

VII. Market Transformation

NY Green Bank supports market transformation through its existing investment evaluation criteria and deal structures.

Commenters suggested that NY Green Bank has demonstrated the ability to earn market-rate returns, but outside of the market for community solar it has not demonstrated that it has pulled new investors into any clean energy market, mobilized capital beyond the projects in which it directly invests, demonstrated that the projects in which it directly invests are additional to what the market would deliver in the absence of NY Green Bank financing, and that strategies are increasing the number of investments or improving the quality of investments in the clean energy space.

NY Green Bank appreciates commenters’ focus on the impact of its activities and recognizes, as noted earlier, that an updated iteration of its Metrics, Reporting and Evaluation Plan to ensure that it is effectively capturing the full suite of benefits generated through its investments, especially from a market transformation perspective is worth exploring. These comments also indicate there is a gap in understanding between NY Green Bank’s market transformation efforts and stakeholders’ perception of NY Green Bank’s work. While continued engagement is required to improve communication and build a mutual understanding, one immediate way in which NY Green Bank can help address this gap is by enhancing how it highlights the market transformation potential of each of its transactions, which it has committed to doing so in its 2025-26 Annual Business Plan.³³

To respond to the above comments directly, as required in NY Green Bank’s RFP 1: Clean Energy Financing Arrangements, any potential borrower seeking NY Green Bank financing must demonstrate how the proposed transaction would contribute to financial market transformation, specifically describing how NY Green Bank’s participation will help facilitate the transaction being done either at all, more quickly, or with additional clean energy outcomes that would not otherwise occur without NY Green Bank support (i.e. increased benefits to LMI New Yorkers or residents in disadvantaged communities).³⁴ Through its scoring and due diligence process, if NY Green Bank determines a transaction could be financed by the private sector, NY Green Bank will not execute the transaction and wherever possible, seeks to connect the counterparty with relevant financial institutions that could potentially support the deal.

Furthermore, NY Green Bank’s ability to structure transactions on market-rate terms does not suggest that its transactions do not provide additionality. In fact, one of NY Green Bank’s most valuable contributions to financial market transformation is its ability to structure innovative transactions with commercial rigor that support the development of nascent asset classes and the growth of earlier-stage clean energy companies. As these more nascent asset classes, such as EV charging infrastructure or standalone distributed storage projects, become more prevalent in NYS with support from NY Green Bank’s financing, the technologies and the companies themselves can become more attractive and credible investment opportunities for traditional investors. While there are numerous factors that contribute to financial market transformation well beyond NY Green Bank’s financing or any one institution’s impact, below are two

³² Case 13-M-0412, “Order Establishing New York Green Bank and Providing Initial Capitalization,” issued December 19, 2013, pg. 16

³³ Case 13-M-0412, NY Green Bank’s 2025-26 Annual Business Plan, pg. 16-17

³⁴ NY Green Bank’s Request for Proposal 1: Clean Energy Financing Arrangements, pg. 9:
https://portal.greenbank.ny.gov/CORE_Solicitation_Document_Page?documentId=a0lt000000LZdSAAW

examples of recent NY Green Bank transactions that can help illustrate how NY Green Bank is driving financial market transformation in the clean transportation and energy storage sectors.

NY Green Bank improves the quality of investment opportunities in clean energy markets.

As previously mentioned, NY Green Bank's \$60MM incentive bridge and construction-to-term loan with Revel to accelerate the deployment of public EV fast charging sites across NYC has the potential to be highly transformative. EV charging developers face significant upfront costs and limited access to appropriately priced capital as traditional lenders often view this sector as high-risk due to a lack of historical data on performance, risk, returns, and uncertainty around the demand for EV adoption. As a first-of-its-kind debt financing for a charging infrastructure deal that relies primarily on merchant, or uncontracted, revenue streams, NY Green Bank's transaction is designed to encourage future private sector participation by incorporating a cross-collateralized asset base, conservative loan sizing, and limited prepayment fees. By demonstrating the attractiveness of EV charging investments, it aims to serve as a proof-of-concept deal, paving the way for other lenders to replicate and adopt similar approaches. Since closing this transaction in December 2024, not only has Revel been deploying NY Green Bank capital to support the construction of new charging sites across several locations in Queens, but NY Green Bank has also received \$25MM in new clean transportation investment proposals from potential borrowers that have cited NY Green Bank's recent transaction with Revel as impetus for seeking NY Green Bank financing, demonstrating an early indicator of a potential ripple effect that NY Green Bank's transaction with Revel could have on the clean transportation sector in NYS. NY Green Bank has also held discussions with multiple banks interested in co-lending in this space and are conducting diligence on how NY Green Bank underwrote this transaction to see whether they could consider participating in such a facility in the near future.

NY Green Bank's investments with NineDot Energy, the leading developer of community-scale battery energy storage systems (BESS) in the New York City metropolitan area, provide another strong example of NY Green Bank contributing to financial market transformation in a sector that is critical to creating a cleaner, more resilient grid. In June 2023, NY Green Bank closed a \$25MM senior-secured revolving credit facility with NineDot to finance interconnection deposits for a portfolio of BESS projects, providing appropriately priced capital at a key stage of the development process that is unaddressed by traditional lenders due to perceived risk and less comfort with the technology. To support NineDot's rapidly growing pipeline of projects that required additional pre-NTP financing, NY Green Bank doubled its commitment to NineDot in June 2024, bringing the total commitment amount to \$50MM. Through these transactions, NY Green Bank has focused on addressing these specific pre-NTP funding gaps while NineDot has succeeded in raising more than \$300MM of private capital since January 2024 in the form of private equity, tax equity, and equipment financing to help advance its project pipeline in complementary stages of the development process.^{35,36,37} While NineDot's success to date is to the complete credit of its team, NY Green Bank's targeted support has helped improve the quality of this energy storage investment opportunity in NYS and contributes to the State's goal to deploy a nation-leading 6 GW of energy storage by 2030. As NineDot's portfolio of BESS projects has grown significantly and more rapidly as a result of this financing,

³⁵ NineDot Energy Raises \$225 Million in Equity Financing to Build and Operate Distributed Battery Energy Storage Projects: <https://www.businesswire.com/news/home/20240110676731/en/NineDot-Energy-Raises-%24225-Million-in-Equity-Financing-to-Build-and-Operate-Distributed-Battery-Energy-Storage-Projects>

³⁶ NineDot Energy Announces over \$40M in Tax Equity Financing: <https://www.businesswire.com/news/home/20241010446359/en/NineDot-Energy-Announces-over-%2440-Million-in-Tax-Equity-Financing>

³⁷ NineDot Energy Announces \$65 Million Equipment Financing: <https://www.businesswire.com/news/home/20250122977701/en/NineDot-Energy-Announces-%2465-Million-Equipment-Financing>

with more than 60 projects in the interconnection queue, the company has the potential to attract private sector banks to provide financing at an even larger scale than initially expected to refinance NY Green Bank's investment.

Measuring financial market transformation is complex and attributing that transformation to any one specific entity is even more difficult, which is why NY Green Bank appreciates commenters' requests for NY Green Bank to develop more nuanced methods of doing so and to better articulate how its investment strategies are transformative and supporting the State's clean energy transition. As evidenced by the approach NY Green Bank has taken in these recent transactions with Revel and NineDot, as well as the many building decarbonization and affordable housing examples previously mentioned throughout this document, NY Green Bank believes it is executing on its mission to transform financing markets in ways that accelerates New York's clean energy transition. By maintaining the flexibility that the Commission has historically supported for NY Green Bank, and by approving the proposed modifications and reaffirmation requests that NY Green Bank proposed in the Petition, NY Green Bank will be well positioned to continue supporting a clean energy future for all New Yorkers in a thoughtful, collaborative manner.