



**COLORADO CLEAN  
ENERGY FUND**

# Catalyzing Clean Energy Investment in Underserved Communities

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# Green Banks are mission-driven and purpose-built to connect capital with clean energy projects

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- Green Banks are clean energy finance businesses whose mission is to **use financial tools** to increase sustainable investment
- Green Banks bring together **commercial, public, and mission-driven capital** to drive clean energy investment in local markets
- Green Banks develop local expertise to **break down market barriers, fill finance gaps & connect projects with capital**
- Green Banks use methods that **catalyze greater overall investment** beyond the dollars they deploy

# Various market barriers create finance gaps, particularly in the following clean energy segments

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- **“Small” project financing:** limited due to an unattractive return profile, even though the volume of these projects far exceed that of larger projects
- **“Rural” project financing:** limited due to the geographical disbursement of projects, especially in areas that lenders don’t have a notable footprint
- **Long-tenor financing:** required to align with the payback period of the project, but terms are often limited to 5-7 yrs to reduce exposure to interest rate risk
- **Medium credit quality financing:** difficult to obtain for small commercial business owners with thin balance sheets and credit constrained homeowners
- **Tax equity financing:** difficult to arrange, but required to monetize the federal tax credits for entities that don’t pay taxes (nonprofits, houses of worship, etc.)
- **Financing for commercially viable technologies yet to achieve scale:** limited for technologies with limited deployments

# Colorado Clean Energy Fund was born from a multi-year partnership aimed at filling these finance gaps

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- **2017:** Coalition for Green Capital, Colorado Energy Office, and Department of Energy partnered to identify opportunities to address market barriers
- **2018:** Selected nonprofit model due to opportunity to bring commercial, philanthropic, and public capital to projects in Colorado
- **2019:** Colorado Clean Energy Fund (CCEF) was incorporated and announced by Governor Hickenlooper as Colorado's "**Green Bank**"
- **2019-Present:** CGC hired Paul Scharfenberger as Executive Director of CCEF
  1. Secure operating funding (**Completed**)
  2. Establish governance structure (**Completed**)
  3. Develop business plan, including inaugural loan products (**Completed**)
  4. Raise investment capital to support lending operations (**Completed**)

# Colorado Clean Energy Fund will use a range of finance tools to satisfy underserved market needs

<b>Barrier to Investment</b>	<b>Solution</b>	<b>Examples</b>
Perceived project risk	Credit enhancement	Provide a loan loss reserve to mitigate risk and allow investment to flow at longer terms and lower rates
Inefficiencies of scale	Aggregation & warehousing	Aggregate small projects to meet scale to attract private capital
First-of-kind transactions	Technical assistance	Provide technical assistance required of more labor-intensive, innovative transactions
Marginal economics	Co-investment	Lend to projects, in senior or junior positions, to improve overall economics for investors and customers

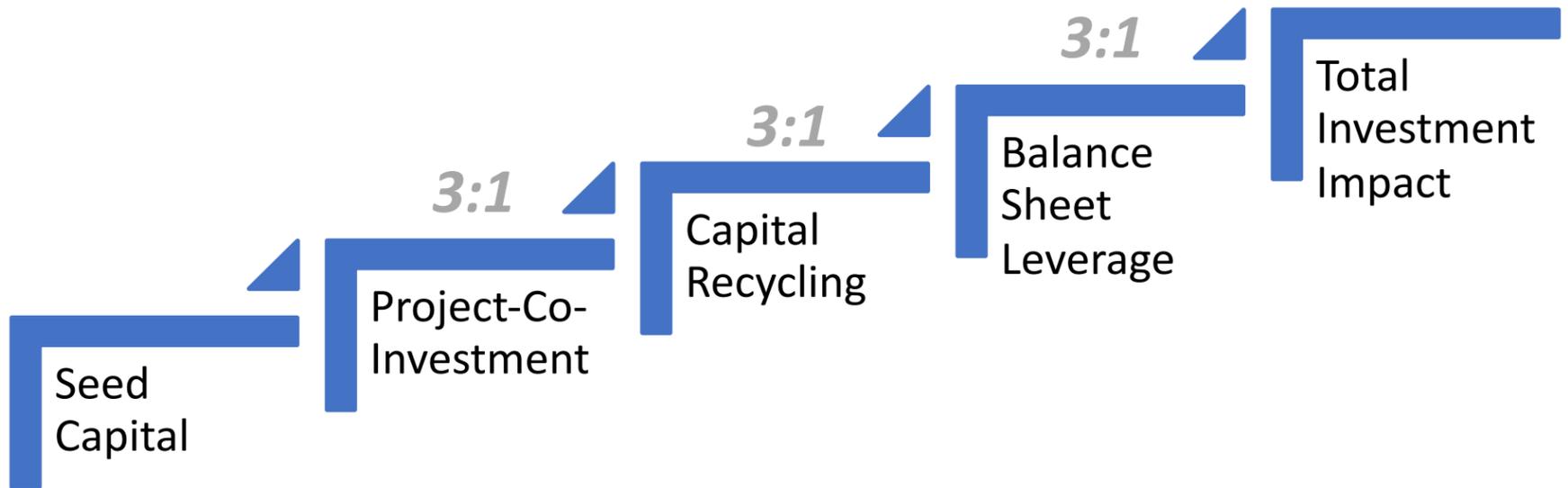
**Project “investment” can and should take many forms**

# Inaugural loan products will serve small businesses and LMI residences, but product offerings will expand quickly

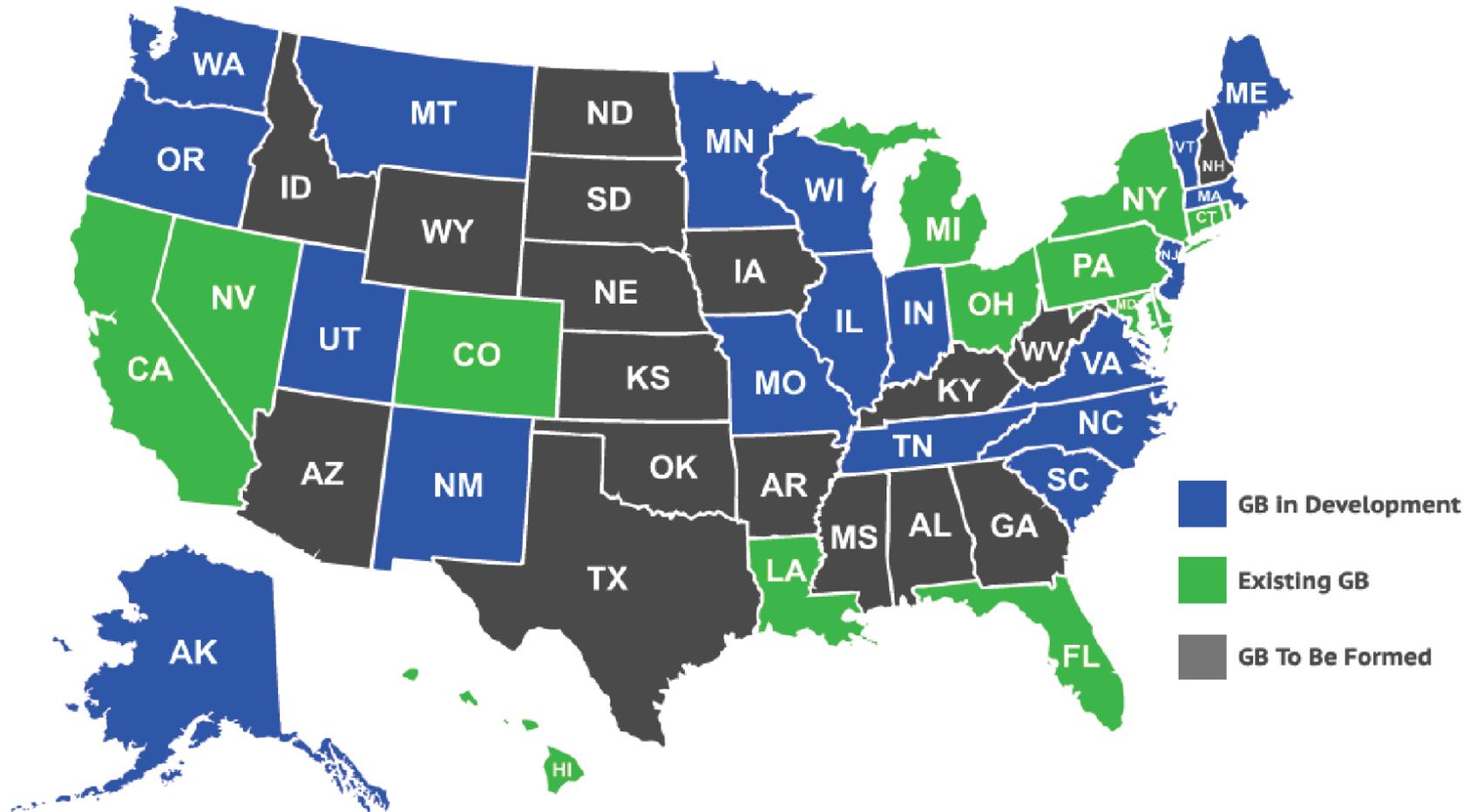
Market	Gap	Solution
<b>Small Commercial Buildings:</b> Energy Efficiency and Renewable Energy	<ul style="list-style-type: none"><li>• Small-projects don't present attractive returns to traditional investors</li><li>• Small businesses may be credit constrained</li></ul>	<ul style="list-style-type: none"><li>• Debt for small projects</li><li>• Aggregate, warehouse, and sell portfolios to traditional lenders</li></ul>
<b>Low-to-Moderate Income (LMI) Residences:</b> Energy Efficiency and Solar	<ul style="list-style-type: none"><li>• Credit constraints and FICO restrictions often exclude them from available programs</li><li>• LMI is often excluded from community solar</li></ul>	<ul style="list-style-type: none"><li>• On-Bill Finance offers flexible underwriting</li><li>• Structure &amp; fund OBF programs w utilities</li><li>• Launch innovative finance models for LMI Community Solar</li></ul>

And we will leverage/recycle capital to grow the fund over time in order to serve even more Coloradoans

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# 15 Green Banks that have generated >\$7 billion of investment using <\$2 billion of Green Bank dollars





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# Thank You

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