



FY23 Work Program - Summary

April 5, 2022 Board of Directors Meeting

In order to achieve the Nevada Clean Energy Fund's mission, the Executive Director proposes prioritizing the development and launch of three programs during FY23: (1) Home Energy Upgrades, (2) Clean Energy Financing for Affordable Housing, and (3) School Bus Electrification. More detail on each is provided below.

Home Energy Upgrades

The Need: Nevada's residents have the potential to access significant cost savings by pursuing a range of clean energy measures such as improved weatherization, more efficient appliances and HVAC systems, EV chargers, and rooftop solar. Yet Nevada's residents often lack access to low-cost capital to make the initial investment in these measures, and/or the awareness of the benefits of pursuing such measures.

The Solution: The Nevada Clean Energy Fund (NCEF) mobilizes the lending capacity of local lenders for clean energy, develops a trusted contractor network, and works closely with program and community partners to increase the ability of Nevada's residents to invest in cost-saving, clean energy measures for their homes. This type of program has been successfully implemented by green banks in several other states, including Michigan, Connecticut, California, and Colorado. The components of this program include:

1. NCEF provides capital through a loan loss reserve (LLR) in partnership with local lenders. The lender can draw on the LLR to cover losses on defaulted loans up to a pre-specified amount. The LLR effectively enhances the credit of potential borrowers, increasing access to low-interest loans.
2. NCEF develops pre-qualified clean energy measures that lenders can provide loans for under the LLR.
3. NCEF trains and certifies a trusted network of residential contractors.
4. NCEF works with community groups to raise awareness and adoption of the program and build NCEF's brand as a trusted resource.

Clean Energy Financing for Affordable Housing

The Need: Nevada has a severe shortage of affordable housing for low-income renters. Low-income populations in Nevada spend 10-25%+ of their income on household energy expenditures such as electricity and natural gas. Yet clean energy is often a lower priority for affordable housing developers and owners.

The Solution: NCEF provides direct financing for affordable housing developers and owners to invest in clean energy measures, including through predevelopment loans, term loans, and solar power purchase agreements. NCEF can implement financing models that have been honed and developed by green banks for multi-family housing and community non-profits in other states.

School Bus Electrification

The Need: School bus electrification has the potential to yield significant climate, health, economic, and educational benefits, particularly for Nevada's young students. Significant

financial resources are becoming available to school districts to electrify their bus fleets, including through the EPA's Clean School Bus Program, yet Nevada's school districts may not have the capacity to access those resources.

The Solution: NCEF partners with school districts and builds their capacity to electrify their bus fleets, including by offering a bridge loan to school districts to make the EPA's Clean School Bus Program rebate accessible. NCEF could also provide a low-interest, longer term loan to cover portions of the cost not covered by rebates or incentives.

The Executive Director proposes these three programs as the initial programs to prioritize launching for NCEF for several reasons:

- They have the potential to achieve significant positive social and climate impacts in alignment with NCEF's mission.
- There is significant funding resources and momentum pointed at these three areas at this moment that NCEF can help put to work and maximize its impact. NCEF can take public sources of funding and combine it with private and philanthropic dollars to create replicable and scalable solutions that can continue to have an impact into the future.
- For the Home Energy Upgrades and Affordable Housing programs, NCEF can leverage and replicate proven financial models that have been implemented in other states.

In order to launch these programs during the course of FY23, the Executive Director would:

- Build and formalize partnerships (e.g., with local lenders, contractors, affordable housing developers, school districts, etc.).
- Raise capital to seed and grow these programs from a variety of different sources, both public, private, and philanthropic.
- Once sufficient funding is secured, hire three employees to manage development and administration of the programs. For example, one employee would be in charge of administration of the home energy LLR program, including contractor engagement, technical review of the loans, and community outreach.
- Build broader awareness about NCEF and its programs, and build NCEF's brand as a trusted, go-to resource for clean energy in the state.

Although these three areas would be NCEF's priority programmatic areas, NCEF would continue to remain a resource for impactful clean energy projects and ideas in Nevada that fall outside of these programs. NCEF could provide technical assistance and/or financial resources to such projects, or match potential projects to other funders.