

Ensure the Minnesota Climate Innovation Finance Authority (MnCIFA) has financing tools **to draw in and leverage private sources of capital** for financing projects that save Minnesotans money, reduce energy use and grow Minnesota's clean energy economy.

RECOMMENDATION

Expand financing tools for MnCIFA to have authority to accept loans, to securitize loans and to spend grant funds. *This is a budget neutral proposal.*

Why is this legislation needed?

In the two years since MnCIFA was established in state law, we have demonstrated a need and filled a gap in financing a wide range of clean energy projects. One challenge we are facing is that demand for MnCIFA financing is on track to exceed capital we have available for loans. In MnCIFA's statute, we are called to provide innovative financing and to crowd in capital from other sources in order to accelerate the state's transition to a clean energy future. These financing tools expand MnCIFA's access to capital, particularly from private sector sources, such as private banks, private investors, philanthropic, foundation and donor-advised funds.

Who is impacted?

Expanding capital for clean energy lending impacts Minnesotans in a number of ways. MnCIFA loans have demonstrated benefits of reducing energy costs, which saves money for businesses and consumers. Our loans have also expanded Minnesota's clean energy economy, bringing job opportunities to the state.

What would this legislation do?

This legislation would clarify MnCIFA's authority to accept loans, to securitize loans and to spend grant funds in order to expand the capital available for MnCIFA to provide loans. The lending practices are common in the banking and financial institution industry. Green banks in other states have demonstrated the value of having these financial tools, particularly in drawing in philanthropic, foundation, and donor-advised funds.

Accepting loans – This authority would encompass private bank lines of credit, philanthropic and donor-advised funds known as Program-Related Investments (PRI), loaned at below-market interest rates.

Securitizing loans – This authority would incorporate the practice of bundling a portfolio of loans for sale to other financial institutions, which speeds up the loan repayment timeline and frees up capital for more loans.

Spending grant funds – MnCIFA has authority to accept grants; the bill would clarify it could spend grants.

Who is MnCIFA?

The Minnesota Climate Innovation Finance Authority (MnCIFA) supports our state's clean energy economy by expanding financing options for clean energy projects. The purpose of MnCIFA is to accelerate deployment of clean energy projects through innovative green financing.

We make strategic use of public funds through innovative financing mechanisms in order to leverage existing public and private sources of capital. Our flexible financing serves to reduce upfront and total costs of clean energy projects, especially in low-income communities, ensuring that all Minnesotans share the benefits of clean and renewable energy.

CLIMATE	INNOVATION	FINANCE AUTHORITY
Tackling challenges of our changing climate by: • Building our state's clean energy economy • Helping communities prepare for more extreme weather • Transitioning Minnesota to a future where energy is more affordable and reliable, safer and cleaner	Innovative financing that: • Fills the gaps in financing for clean energy projects • Leverages private, public and nonprofit investments • Emphasizes capital for underserved markets and communities most challenged by our changing climate • Overcomes barriers to finance projects, offers innovative financing and flexible interest rates	Lending for projects that qualify under statute and financial requirements: • Loans (not grants) with financial ability to repay • Minimum \$250,000 loan, with option for intermediaries • Site jobs paid prevailing wage • Demonstrated benefits for the community

Loans approved by the MnCIFA Board of Directors encompass a range of projects, including:

- Energy systems: Geothermal energy district, geothermal system, geothermal integrated with solar
- Energy efficiency: Net-zero new construction; high-efficiency HVAC plus windows and roofing
- Revolving loans and multi-project portfolio loans for energy efficiency and solar projects
- Innovative energy technology: patented technology for carbon reduction and carbon sequestration

Learn more:



More about MnCIFA:
mncifa.mn.gov

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