

May 12, 2021

Committee on Energy, Utilities, and Technology
c/o Office of Fiscal and Program Review
5 State House Station
Augusta, ME 04333

RE: Support of LD 1659, An Act to Create the Maine Clean Energy and Sustainability Accelerator

Dear Senator Lawrence, Representative Berry, and other distinguished members of the Committee,

My name is Steve Clemmer, Director of Energy Research and Analysis in the Union of Concerned Scientists (UCS) Climate and Energy Program. I offer this testimony in support of LD 1659 on behalf of UCS.

UCS puts rigorous, independent science to work to solve our planet's most pressing problems. Joining with people across the country, we combine technical analysis and effective advocacy to create innovative, practical solutions for a healthy, safe, and sustainable future. UCS has more than a half a million supporters nationally, including more than 2,500 in Maine.

As a member of the Energy Working Group for the Maine Climate Council, I led the development of a recommendation to create a Green Bank in Maine that was included in the final Climate Action Plan released in December. This recommendation was based on a report I co-authored in 2016 entitled, [Green Banks: Transforming Clean Energy Financing in Maine](#), which was part of a [series of UCS reports](#) on how clean energy financing can be a powerful tool for boosting state economies and saving consumers money.¹ I applaud Representative Zeigler and other co-sponsors for introducing this bill, which is consistent with these recommendations and reports and aligns with state goals to prioritize clean energy and reduce carbon emissions.

Here are four key reasons why Maine should create a green bank:

Green banks have a demonstrated track record of success

Green banks are successfully operating in 16 states and local communities across the United States with many more under development. Through 2019, they have invested more than \$5.3 billion in clean energy projects, leveraging an average of \$3.60 in private spending per \$1.00

¹ Clemmer, S., K. Wright, and R. Cook. 2016. *Green Banks: Transforming Clean Energy Financing in Maine*. Union of Concerned Scientists. Online at: <https://www.ucsusa.org/sites/default/files/attach/2016/12/maine-clean-energy-finance.pdf>. Belden, A., S. Clemmer, K. Wright. 2015. *Financing Clean Energy: A Powerful Tool for Boosting State Economies and Saving Consumers Money*. Union of Concerned Scientists. Online at <https://www.ucsusa.org/resources/financing-clean-energy>.

of public spending.² This includes successful programs operating in other Northeast states like Connecticut, New York and Rhode Island. For example, Connecticut's green bank has leveraged \$300 million in public funding to drive \$2 billion in new clean energy investments that has created 23,000 new jobs.³

Significant capital is needed to achieve Maine's climate and clean energy targets

A green bank could play an important role as part of suite of complimentary policies that will be needed to achieve Maine's strong climate and clean energy targets. This includes Maine's goals to reduce greenhouse gas emissions 45 percent below 1990 levels by 2030, at least 80 percent by 2050, and reach carbon neutrality by 2045. Maine also has one of the highest renewable electricity standards in the country, requiring utilities to supply at least 80 percent of electricity sales from renewables by 2030 and a goal of 100 percent by 2050. In addition, Maine has strong energy efficiency goals to reduce electricity sales and natural gas use 30 percent by 2020, cut oil use in home heating 30 percent by 2030, install 100,000 heat pumps by 2025, and weatherize 35,000 homes and businesses by 2030.

To achieve these goals, recent studies have shown that Maine will need to invest approximately \$40-50 billion in clean energy and related infrastructure over the next 30 years, or about \$1.5 billion per year.⁴ The good news is that Maine's energy consumers have already invested more than \$2 billion on wind and solar and billions more on energy efficiency. And Maine could more than pay for these homegrown clean energy investments while creating local jobs, lowering energy bills, and reducing emissions by simply redirecting a portion of the \$4.4 billion spent annually on imported fossil fuels.

It's imperative that we make these clean energy investments to reduce the much higher costs that climate change impacts will have on the state's residents and businesses. Reports completed for the Maine Climate Act Plan highlight some of the high costs of climate impacts on Maine's economy, tourism, key industries, and local communities.⁵

Green banks help support underserved markets and technologies and strategies that deliver the greatest emissions reductions.

Most green banks are targeted at populations and sectors that have limited access to capital such as homeowners and renters, small businesses, farms, non-profit organizations, institutions, and local governments. They should also address equity issues by providing grants and low interest loans to low- and moderate-income households and rural communities. Many state and local green banks do have specific energy efficiency and renewable energy programs that provide grants, on-bill financing, and low interest loans to low- and moderate-income households and owners of multifamily and public housing, as

² American Green Bank Consortium and Coalition for Green Capital. 2020. Green Banks in the United States: 2020 US Green Bank Annual Industry Report. Online at <https://greenbankconsortium.org/s/2020-Annual-Industry-Report-Final-jmap.pdf>

³ Wapner, A. 2021. Update on Federal Green Bank Legislation & Pathway to a Maine Green Bank. Coalition for Green Capital.

⁴ Richard Silkman. 2019. A New Energy Policy Direction for Maine: A Pathway to a Zero-Carbon Economy by 2050. Online at: <https://www.competitive-energy.com/zero-carbon-maine>. Vermont Energy Investment Corporation (VEIC). 2019. Advancing Clean Energy Investment in Northern New England. A report for the Nature Conservancy and Coastal Enterprises, Inc. Online at: <https://www.ceimaine.org/wp-content/uploads/2019/02/VEIC-Clean-Energy-Investment-Report-January-2019-for-Distribution.pdf>

⁵ Eastern Research Group. 2020. Assessing the Impacts Climate Change May Have on the State's Economy, Revenues and Investment Decisions. Online at: <https://climatecouncil.maine.gov/reports>

highlighted in a recent report by the Coalition for Green Capital.⁶ Efficiency Maine, the Maine Housing Authority, and Coastal Enterprises Inc. (CEI) also have low interest loan, grant or incentive programs for low- and moderate-income households that could be greatly expanded through a green bank.

While clean energy investments will be needed in all sectors of Maine's economy, programs and investments should be focused on achieving the "biggest bang for the buck" with respect to delivering emissions reductions and ensuring all of Maine's communities and residents have access to the technologies and their benefits. Since most of Maine's carbon emissions come from transportation and home heating, switching from oil to zero carbon electricity in those sectors is one of the key strategies for achieving Maine's emission reduction targets. This will involve investments in electric vehicles and buses, heat pumps for space and water heating and air conditioning, distributed solar, and more efficient buildings, appliances, and cars. Low-cost financing is needed to cover the high upfront costs of these investments, which can range in the thousands to tens of thousands of dollars. But the costs can be more than paid for over time with energy bill savings.

Commercial Property Assessed Clean Energy, or C-PACE, is an example of a successful financing program that enables private investment in energy efficiency and renewable energy upgrades for commercial buildings. A lender finances 100 percent of the upgrade by placing a senior-position assessment on the property that is treated as a tax lien if unpaid. The security of this financing structure allows for extended-term loans (15-30 years) with no down payment, allowing projects with longer payback periods to be cash-flow positive from day one. Twenty-four states have active C-PACE programs, driving more than \$2 billion in investment to date.⁷ We support LD 340, which would allow for the establishment of C-PACE program in Maine and was reported out of this Committee in April.

We also support financing for climate resilient infrastructure, as proposed in LD 1659, to help communities prepare for and adapt to climate change. This could include win-win solutions like solar plus storage and clean energy microgrids for critical infrastructure that could provide power during widespread outages from extreme weather, while reducing reliance on diesel generators and lowering emissions. These solutions are already being demonstrated and implemented in several island communities in Maine, but additional investment will be needed as the impacts of climate change become more frequent and severe. While Efficiency Maine has the knowledge and expertise to administer financing programs for clean energy microgrids, coordination with other state agencies, organizations, and municipalities will be necessary to finance other climate resilience investments.

Not all of the investment in clean energy and supporting infrastructure needs to be covered by a green bank. Green banks can complement efforts by large businesses, utilities, and developers of utility-scale renewable energy projects and grid infrastructure that have greater access to capital and are typically not eligible for these programs. However, there are ways to lower the cost of capital for those projects as well, such as creating a Maine Generation Authority (LD 1634) and through revenue bonding.

⁶ Coalition for Green Capital. 2020. Catalyzing Investment for Environmental Justice: An Analysis of the National Climate Bank. Online at: https://coalitionforgreencapital.com/wp-content/uploads/20201027_NCB-Environmental-Justice-Whitepaper.pdf

⁷ PACENation. PACE Market Data. Online at: <https://www.pacenation.org/pace-market-data/>

A green bank will enhance Maine’s ability to receive federal funding

Congress has introduced several bills to create a National Climate Bank or Clean Energy and Sustainability Accelerator that would provide up to \$100 billion in seed capital for states meeting certain eligibility criteria to implement green banks. These proposals, which were also included in President Biden’s American Jobs Plan, would require at least 40 percent of the investments be made in disadvantaged communities that have borne a disproportionate share of the pollution and public health impacts from burning fossil fuels. A recent study found that a \$100 billion capitalization would leverage a \$463 billion investment and create 4 million jobs over the next four years, increasing to an \$884 billion investment over 10 years.⁸

While these federal bills provide an important opportunity for capitalizing a green bank in Maine and expanding existing programs at Efficiency Maine and other organizations, additional sources of public, private, institutional, and philanthropic funding should also be pursued, as highlighted in LD 1659.

In conclusion, green banks are a proven success and important for achieving Maine’s strong emission reduction and clean energy targets. By making additional low cost, clean energy financing available to underserved markets and disadvantaged communities, a green bank can ensure all Mainers benefit from a just and equitable transition to a clean energy economy. For these reasons, UCS strongly supports LD 1659. Thank you for the opportunity to testify and I would be happy to answer any questions.

⁸ Vivid Economics. 2020. Supporting a Clean Energy Recovery: Jobs and Emissions Impacts of a \$100 Billion Clean Energy and Sustainability Accelerator. Online at: <https://coalitionforgreencapital.com/wp-content/uploads/Impact-Investment-Jobs-and-GHG-Impact-1.pptx>