



STATE OF MAINE
GOVERNOR'S OFFICE OF POLICY INNOVATION AND THE FUTURE
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**LD 1556 Resolve, To Create the Commission To Study and Recommend a Financing Model
To Increase Capital Investment in Renewable Energy, Clean Energy Technology,
Energy Efficiency Projects and Jobs in Maine**

LD 1659 An Act To Create the Maine Clean Energy and Sustainability Accelerator

Testimony in Support

May 12, 2021

Good morning Senator Lawrence, Representative Berry, and members of the Committee on Energy, Utilities and Technology. My name is Hannah Pingree and I am the Director of the Governor's Office of Policy Innovation and the Future.

I am here today to testify on behalf of my office and the Governor's Energy Office (GEO) in Support of both LD 1556, "Resolve, To Create the Commission To Study and Recommend a Financing Model To Increase Capital Investment in Renewable Energy, Clean Energy Technology, Energy Efficiency Projects and Jobs in Maine" and LD 1659 "An Act To Create the Maine Clean Energy and Sustainability Accelerator."

On December 1, 2020 Governor Mills welcomed the release of *Maine Won't Wait* ([PDF](#)), the four-year Climate Action Plan from the Maine Climate Council. The actions and goals in *Maine Won't Wait* put Maine on a trajectory to decrease greenhouse gas emissions by 45% by 2030 and 80% by 2050, and achieve carbon neutrality by 2045. The Plan calls for decisive steps including bolstering the electric vehicle market in Maine and supporting other efforts to reduce transportation emissions, from broadband expansion to improved rural transportation options. For our homes and businesses, the plan calls to expand the number of heat pumps installed in Maine homes, double our rates of home weatherization, and to support the transition to 100% clean power. It also highlights the powerful role Maine's natural and working lands and waters play in sequestering carbon emissions to help meet Maine's ambitious, nation-leading 2045 carbon neutrality goal.

Through *Maine Won't Wait*, the Governor also set a goal to double the number of clean energy jobs in Maine by 2030 to 30,000 jobs. The Plan details climate action steps to create economic opportunities for Maine, such as encouraging the growth of the clean energy economy, creating incentives for consumers, businesses and industries to invest in energy efficiency, and supporting innovative construction materials and local agricultural systems that rely on Maine forest products, farms, and the fishing and aquaculture industries. The Plan also focuses on preparing our communities, economy, and people to better withstand the rapidly accelerating impacts from climate change and highlights the need for a comprehensive and equitable approach to climate action as new programs and allocation of resources are considered.

No single funding source or financing entity will meet all the anticipated climate challenges and clean energy financing opportunities of today and the future – from the significant transitions required in the

heating, transportation, and energy sectors to needs of state and municipal infrastructure adaptation. Climate action will require leveraging a variety of resources — existing and new, private and public, local, state, and federal — and fresh, innovative financing mechanisms to support sector-level transformations.

Dan Burgess of the GEO and I are hoping to return to this Committee in the coming week to brief you on the specific, and significant funding proposals the Governor has made for climate action and funding via the American Rescue Plan funds allocated for the State of Maine, through a bond proposal, and through the upcoming Part 2 Budget. The GEO, Governor, and Maine Technology Institute (MTI) have also worked to launch new funding for clean tech innovation and are planning to ramp up that support in the future.

Maine Won't Wait specifically identifies a “Maine green bank or green fund” as a financing and policy option for consideration and the plan highlights that: “A green bank or fund could leverage significant, low-cost private-sector capital to finance clean-energy projects, climate initiatives, and infrastructure over the long term, based on the successful experience of other states. Options to establish a green bank or fund could include launching a new program through an existing state finance entity or creating a new fund, both of which would require capitalization and staff expertise.”

We’ve met with Senator Carney and we agree with the need for a market analysis to identify the unmet need for capital to finance renewable and clean energy technology. Additionally, we believe that there is a need for additional finance options for climate adaptation and infrastructure resilience projects, especially for Maine’s cities and towns.

Through conversations with the Coalition for Green Capital, the United States Climate Alliance, and with other states that have climate finance entities including Infrastructure Banks and Green Banks, we have learned about the importance of doing due diligence to understand the finance needs and gaps that the proposed fund, bank or accelerator would meet, as well as the need to carefully consider the best structure, staffing, and governance to meet those needs.

For example, in both Nevada and New Jersey, the Coalition for Green Capital was able to assist with early research and analysis, as well as business planning to inform the development of their green banks, and they are now assisting with the start-up of those entities as we speak. New Jersey’s current effort underway is instructive, in that a thoughtful approach to the market needs and the technical capacity is essential for a new finance institution. Highly successful Green Bank models like Connecticut’s illustrate that one of the key elements driving their success is a staff with both technical expertise on energy and climate lending, and significant financial knowledge. Additionally, robust capitalization is also helpful.

Including both energy and resilience infrastructure within the scope of green finance is the direction several other states are moving in, including Rhode Island (Rhode Island Green Bank works collaboratively with public and private capital providers to develop and deploy solutions that support and finance investments in the state's infrastructure and green energy initiatives) and Connecticut, where Governor Lamont has just proposed expanding the CT Green Bank scope beyond "clean energy" to include "environmental infrastructure" (i.e., water, waste and recycling, agriculture, parks and recreation, adaptation and resilience, and environmental markets (i.e., carbon offsets and ecosystem services)).

The analysis proposed in Senator Carney's legislation will help Maine prepare for potential opportunities for green bank funding capitalization. The proposed national green bank (Accelerator) is included in several pieces of Congressional legislation and has been highlighted by President Biden as a part of his infrastructure announcements, though the White House proposal has not yet been detailed in legislation. Our understanding from Congressional drafters is that if the national accelerator proposals receive Congressional Authorization and funding, it will earmark a percentage of those funds for opportunities in each state, to be deployed through a state finance entity that supports the state's climate finance goals. Maine has worked with the Coalition for Green Capital to detail eligible finance entities to Congressional committees over the course of the past two years.

Currently, the Efficiency Maine Trust, the Maine Technology Institute, the Maine Bond Bank, and the Finance Authority of Maine all do targeted pieces of state lending that support pieces of the state's clean energy and finance goals. Private institutions, including state banks and credit unions, as well as community development corporations like CEI also do important pieces of this work.

At this point, we don't believe any one of these entities – including Efficiency Maine Trust – is the right entity with the mandate, the technical expertise, and the range of technical experience and lending expertise to take on the broad mandate needed and detailed in these bills, at least alone. Efficiency Maine Trust may well be the right home for expanded commercial and homeowner projects, especially as it relates to energy efficiency. But whether they are the right entity for expanded clean tech sector development, community resilience lending, agricultural programs, carbon markets, or larger commercial lending opportunities is not clear.

We agree with Representative Ziegler and his aggressive approach, and the motto of the State's Climate Plan, that action is needed urgently, which is why we've been working since December, and the plan's completion, to marshal state and private funding opportunities to undertake an immediate but thoughtful market assessment and business planning process to move expanded climate finance opportunities forward.

We hope to continue to work with this committee, with Senator Carney, and with Representative Zeigler to understand the greatest opportunities and gaps, and to identify the right entity, or entities for Maine. This analysis, to be hopefully completed in late 2021, is an essential first step to ensure that Maine makes the most of existing funding and finance tools and is prepared for new and emerging opportunities. Once that work is done, authorizing an existing or new entity, or entities, to take on this important but complex task will be crucial.

Thank you for your service and for the opportunity to testify today.