

Budget Oversight Hearing – Green Finance Authority Opening Statement

Introduction and Statement on Budget

Good afternoon and thank you to Chair Cheh, members and staff of the committee, and members of the public tuning in today for the opportunity to appear before you. I am Eli Hopson, CEO of the District of Columbia Green Finance Authority, more commonly known as DC Green Bank. We are excited to participate in today's budget oversight hearing to bring transparency to our work and to continue to build support for the groundbreaking and impactful work that our team does.

Leadership is an important quality on the road to a sustainable and equitable future. Without it we will not be able to meet our collective goals, and thousands of District residents may be left behind. I mention leadership because it is important to recognize when strong leaders take action and chart a course for a brighter future for all. Chair Cheh, you have demonstrated transformational leadership during your time on the Council and, in particular, through your stewardship of this committee. DC Green Bank and countless other initiatives would simply not exist without your work and the strong staff you have had over the years. Your service to the Council and this great city cannot be replaced and we will sincerely miss your partnership as you transition off the Council and begin to write your next chapter. Thank you for your service and for your commitment to leaving behind a better city for future generations.

I also want to thank Mayor Bowser for her leadership in the creation of, and continuing support for, DC Green Bank. We have built-in her vision of inclusive prosperity through sustainability and high-quality jobs for DC residents into every aspect of our work at DC Green Bank.

I also want to commend Mayor Bowser and her team for putting together an historic FY23 "Fair Shot" Budget. Building on the exceptional investments embedded in last year's budget, this year takes it a step further by delivering tens of millions of dollars for sustainable and equitable investment across the District and elevates underserved communities and vital services to the forefront. Budgets make it very clear what a city values, and I am pleased to say that this budget values our most vulnerable residents, our recovering businesses, and an inclusive future. Our team is excited to deploy the resources at our disposal to help the city reach for our collective climate, energy, equity, and economic development goals.

I also want to thank the DC Green Bank board, both volunteer and ex-officio members, for their countless hours of service to the creation and management of the institution.

Recent Deals and Partnerships

DC Green Bank is in prime position to make the close of FY22 and the opening of FY23 a special time for sustainability in the District. We have been hard at work to commit capital and build partnerships that will ensure that our dollars stretch to every corner of the city and are available for every community and group.

Shiloh Baptist Church

As an example, we have continued to build partnerships in support of our Community Impact Initiative (CII) pilot program that focuses on the District's faith-based and community-serving organizations. The Initiative engages partners to support community institutions to assess their energy efficiency, renewable energy, and sustainability needs and help them access the support they need to take the next step. Community-serving organizations are the backbone of neighborhoods across the city, and we are happy to be able to provide affordable financing so that they can make the investments they need to make, increase their operating cash flow, and continue to serve residents for decades to come. Today we are pleased to announce that we have closed our first Community Impact Initiative investment with our friends at Shiloh Baptist Church, an investment of over \$500,000 to deliver much-needed HVAC upgrades, and to finance the investment solely based on expected energy savings that the congregation will realize in the coming years. Shiloh is one of the oldest historically Black churches in the city and an incredible community asset. Faith-based and community-serving institutions provide numerous services to neighborhoods, and are often the center of community life for the organization's members.

Like many institutions, the pandemic has exacerbated prior challenges with deferred maintenance on buildings in particular, and these institutions have a real challenge to be able to upgrade systems and operate more efficiently. Due to their connection to the community, DC Green Bank is committed to providing support for sustainable upgrades – particularly those that pay for themselves over time. As a result of our focus on sustainability, and our commitment to community, we can make funds available to these institutions and devote the time required to provide clear options to volunteer Boards and support staff who are focused on the mission of these institutions – not the operations. Since we are focused on the performance of the upgrades, we can also be more flexible with the credit and balance sheet of the institutions than some private capital providers. We hope that this investment at Shiloh, with our partner Go Green Together, will encourage other faith-based institutions and community-serving organizations to step forward to take on some of their deferred maintenance needs with limited up-front capital, access our affordable and flexible financing, and strengthen their financial position – all at the same time. We know that our community serving institutions sit on tens of millions of square feet of property across the city and we stand ready to help them reduce their utility and maintenance costs, unlock their solar and

stormwater management potential, increase their energy efficiency, and continue to show community leadership on the road to a sustainable future.

City First Enterprises – Small Business Program

In addition to community serving organizations, our small business community plays a pivotal role in the everyday lives of our residents, and we have forged an exciting partnership to make sure they, too, can benefit from our affordable financing options, increase their cash flow on day one, and prioritize energy efficiency and utility bill savings as well. We are pleased to be working with a DC-based Community Development Financial Institution (CDFI), City First Enterprises, to deliver loans to small businesses that pursue eligible upgrades at interest rates as low as 3%. In this time of increasing interest rates, for our impact loans we are fond of saying that “when they go high, we stay low.” Small businesses are one of the key reasons that people choose time and again to live in our great city, and we are here to help them grab a piece of the clean energy future and put those energy savings back into their business so that they can thrive.

Solar Deal Closings

Lastly, I want to mention some of our recent solar deal closings. We have closed three large solar investments just since the start of 2022, and an even larger one is slated to close in the next few weeks. When I say large, I mean large. In total, these four deals are likely to amount to more than \$10 million in DC Green Bank funding and over 2 MW of solar energy, unlocking millions more in private capital, delivering dozens of good, clean jobs right here in the District, and moving us closer to the city’s solar and clean energy targets. We are proud to continue our efforts to support minority- and woman-owned solar developers as well, with the vast majority of our existing and upcoming solar investments focused on these critical partners.

Priorities for Growth and Innovation

We want to leave no doubt: DC Green Bank has hit its stride and we are accelerating our investments and are ready to rapidly scale up the number, size, and scope of the investments that we take on in the future. As part of that effort, it means that we are also on the look-out for innovative investments as we grow. I would like to highlight two exciting opportunities that we see for innovation in the year to come.

High Performance Buildings

First, as I mentioned at the outset of my remarks, Mayor Bowser has made sustainability and a clean energy future a priority for the District and has backed that up with tens of millions of dollars. We see that commitment as a call to action in line with our mission. In particular, there are millions of dollars available in the proposed budget to ensure that all city-owned buildings are compliant with the District’s Building Energy Performance Standards (BEPS). On top of the

Mayor's ambitious commitment of funds, we know that DC Green Bank has a role to play to invest our own capital and crowd-in private investment to meet the historic investment levels it will take to achieve this goal and meet BEPS for all of our publicly and privately-owned buildings. Therefore, we have accelerated our efforts to work with our sister agencies to bring innovative financial solutions that will dramatically bring down utility costs generated by these buildings, creating the ability to leverage private capital to finance investments to meet BEPS based on those energy savings, and still have money left over to make additional capital improvements to city-owned buildings. The types of investments we envision are in HVAC systems, insulation, lighting and water efficiency upgrades, building envelope improvements, deploying solar panels, installing electric vehicle chargers, and much more. As we have seen with some of the truly innovative and sustainable investments the city has made in our libraries and other public buildings, we can do this over time with all of the city's buildings, and DC Green Bank is ready to serve as a catalyst to deliver this cleaner, greener, and more efficient future.

Electrification Cost Equity

Second, we think it is important to plan for the years ahead as well as for the decades ahead. We know that in order to meet our climate and energy goals we must rapidly accelerate away from the use of fossil fuels. This means that we must do this at every scale. Over time, as we transition away from fossil fuels, both our utility infrastructure and how residents heat and cool their homes and cook their food will also need to change. There are well-established mechanisms by which transitions of this nature are financed; however, we have not always seen this transition done in an equitable way that prioritizes the stranded assets of residents and community organizations in a similar way to how utilities and shareholders are compensated for their stranded assets. There are billions of dollars' worth of fossil fuel infrastructure in residences across the District, with no clear way to offset the expense of this transition over the long term. We are exploring ways to quantify what the expected cost of this stranded infrastructure is and how we might be able to lead the way to develop a mechanism by which residents can be made whole in a similar way to how corporations and shareholders are compensated for their work to transition to a sustainable future. We are excited to continue this conversation with the Mayor's Office, the Federal government, and with the Council to see how we might be able to unlock the necessary resources to build a more equitable, inclusive, and sustainable energy future. At the end of the day, our ultimate goal is to ensure that every resident, community organization, and business can be presented with a cost comparable option to go clean and green instead of choosing existing fossil fuel options. At this time, it is often cheaper to replace a methane-based heating or cooling option with the same fuel rather than convert to the electric choice, and many do not have the financial resources to take the more expensive path to sustainability. We know that if we give residents of the District the choice to go green in a way that saves them green that they will take the sustainable and

economical path. We are excited to build that pathway alongside the Council and the Mayor's Office.

Conclusion

In conclusion, we have committed approximately ten times more capital at this time as we had before we came before you last year, and this is just the beginning. We are proud of our achievements to date and look forward to making 2022 a year of incredible impact and innovation. We are grateful to the Mayor, the Council, and our Board for their ongoing support for our work, and particularly the support from this committee. Chair Cheh, thank you once again for your leadership on these critical issues and we look forward to working closely with you and your team to ensure that we get the most out of your remaining days on the Council and put a strong stamp on your already outstanding legacy. Thank you for the opportunity to appear before you today and I look forward to your questions.