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Clean Energy Bonds: A New Option to Finance Climate Mitigation and Adaptation

Montpelier, VT: Clean Energy Group, the Brookings Institution and the Council of Development Finance Agencies have just released a new paper on a powerful but underutilized tool for future clean energy investment: state and local bond finance. The report, "Clean Energy Finance through the Bond Market: A New Option for Progress," is available [here](#).

For 100 years, the nation's state and local infrastructure finance agencies have issued trillions of dollars' worth of public finance bonds to fund the construction of the nation's roads, bridges, hospitals, and other infrastructure—financing that literally built America. Now, as clean energy subsidies from Washington dwindle, these agencies are increasingly willing to finance renewable energy and energy efficiency projects, if the clean energy community embraces bonds as a new finance tool.

So far, these development authorities are only experimenting in this area. However, the bond finance community has accumulated significant experience in getting project finance to scale and knows how to raise large amounts of needed capital by selling bonds to Wall Street. The challenge is therefore to create new models for clean energy bond finance in states, and to establish a new clean energy asset class that can easily be traded in capital markets. To that end, this report argues that state and local bonding authorities and other partners should do the following:

- Establish mutually useful partnerships between development finance experts and clean energy officials at the state and local government levels
- Expand and scale up bond-financed clean energy projects using credit enhancement and other emerging tools to mitigate risk and through demonstration projects
- Improve availability of data and develop standardized documentation so that the risks and rewards of clean energy investments can be better understood
- Create a pipeline of rated and private placement deals, a new clean energy asset class, to meet the demand by institutional investors for fixed-income clean energy securities.

"Another report issued this week from the global scientific community at IPCC underscores the urgency of finding new ways to finance no-carbon technologies at massive scale," said Lewis Milford, president of CEG and co-author of the report. "We need to finance clean energy the same way we have financed large public infrastructure projects and make sound investments that will benefit generations with low bond rates for new, clean energy generation. Our current way of financing clean energy not only makes it too expensive, but it simply cannot meet climate mitigation and adaptation demands in the next few decades."

CEG, Brookings and CDFA are hosting a webinar to discuss this paper on Tuesday, April 22, 1-2pm EDT. In this webinar, guest speakers from the New York State Energy Research and Development Authority (NYSERDA) and the Toledo-Lucas County Port Authority of Ohio will present updates from their own innovative clean energy bond financing programs. An audience Q&A will follow these presentations. **For more information on this free webinar and to register, [click here](#).**

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About Clean Energy Group (CEG): CEG is a leading national, nonprofit advocacy organization working in the U.S. and internationally on innovative technology, finance, and policy programs in the areas of clean energy and climate change. For more information, visit www.cleanegroup.org.

About Brookings Institution: The Brookings Institution is a private nonprofit organization devoted to independent research and innovative policy solutions. For more than 90 years, Brookings has analyzed current and emerging issues and produced new ideas that matter - for the nation and the world. For more information, visit www.brookings.edu.

About Council of Development Finance Agencies (CDFA): CDFA is a national association dedicated to the advancement of development finance concerns and interests. CDFA is comprised of the nation's leading and most knowledgeable members of the development finance community representing public, private and non-profit entities alike. For more information about CDFA, visit www.cdfa.net.

This is a press release from Clean Energy Group.

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