

Increasing Investments to Lower Emissions through a National Climate Bank

The purpose of the National Climate Bank is to make the United States a world leader in combating the causes and effects of climate change and to maximize greenhouse gas emissions reduction per public dollar deployed.

The National Climate Bank will do this by rapidly deploying mature technologies while commercializing and scaling new technologies. It will provide financing to eligible regional, state, and local green banks; make investments directly into projects that reduce emissions; and provide technical assistance for the start-up of new green banks around the United States.

The National Climate Bank will prioritize projects that provide jobs and serve low-income, minority, distressed and rural communities. It will also prioritize projects that provide access to low-carbon infrastructure at affordable rates, including clean electricity generation, clean water, and reliable and high-quality transportation.

The Bank's methods to accomplish these goals will include:

Investing in low-carbon projects: The National Climate Bank will be responsible for offering appropriate debt and risk mitigation products, overseeing equity investments in clean energy projects, and overseeing procurements. Debt investments will include direct lending, co-lending, and credit enhancements. All debt offerings and equity investments will be approved by a special investment committee of the Board of the National Climate Bank.

Catalyzing and mobilizing private capital: The National Climate Bank will use Federal investments to remove barriers to private investment in clean energy and low-carbon projects. This approach multiplies the impact of each Federal dollar deployed by the Climate Bank.

Increasing clean energy accessibility and environmental justice: The National Climate Bank will enable low- and moderate-income communities to afford projects and investments that reduce emissions, and to benefit from the energy bill savings generated by those same projects.

Increasing the efficiency and effectiveness of Federal financing programs: The National Climate Bank will coordinate efforts with existing federal financing programs to avoid duplicative programs.

Supporting the creation of new green banks: The National Climate Bank provide technical assistance to States and other political subdivisions to establish independent, non-profit green banks within the United States where green banks do not exist, and will work with relevant stakeholders to create these organizations.

Exploring ways to support the retirement of emissions-intensive generation: The National Climate Bank will explore establishment of a "Cash for Carbon" program to remove greenhouse gas emissions from the power sector. The program would use market mechanisms to expedite the retirement of carbon-intensive power generation facilities, such as coal-fired power plants, acquire carbon assets for the purpose of reducing emissions, and invest in communities negatively affected by the loss of those facilities.

Project Types for Investment

The National Climate Bank will seek to facilitate investment and procurement in key areas relevant to Bank's goals and methods. These projects will reduce emissions while providing economic benefits to communities and energy consumers:

- Renewable energy generation.
- Energy storage.
- Transportation, including low- and zero-emission vehicle infrastructure, transit-oriented development, and active transportation.
- Transmission for clean energy.
- Climate resiliency measures.
- Energy and water efficiency, including residential, commercial, and industrial efficiency.
- Reforestation of degraded land.
- Agricultural projects.
- Electrification and decarbonization of industrial processes.

The Bank may invest in other key areas identified by the Board as consistent with the purpose of the Bank.

Structure and Governance

The National Climate Bank will be capitalized with \$10 billion initially, and then with an additional \$5 billion every year for five years. The National Climate Bank will have a charter for 30 years from the date of enactment of the law. The National Climate Bank will manage revenue from financing fees and loans repaid to sustain operations. The National Climate Bank will be an independent, non-profit corporation outside of government.

The National Climate Bank Board will be composed of seven members drawn from the private and non-profit sectors, appointed by the Executive Branch. The Board will appoint a Chief Executive Officer, who will hire employees and will create the three divisions of the National Climate Bank. The Bank will also establish an advisory committee, broadly representative of important stakeholder groups. To manage risk, the National Climate Bank will have a Chief Risk Officer, risk management and audit committees, and an Inspector General. The National Climate Bank will provide annual updates to Congress on its financial activities.