

EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: March 26, 2015

Agency Submitting: Office of the Governor

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
Consulting fees (Expense)		\$100,000		
Total	0	\$100,000	0	0

Explanation

(Use Additional Sheets of Attachments, if required)

The Governor's Office of Energy would hire a consultant to complete a study. Exhibit 1 is proposed scope of work and cost estimate totaling \$100,000.

Name Evan Dale

Title Administrator

DEPARTMENT OF ADMINISTRATION'S COMMENTS

Date Thursday, March 26, 2015

The agency's response appears reasonable.

Name James R. Wells

Title Director



Coalition for Green Capital Nevada State Green Bank Study Proposal Submitted March 8, 2015

The Nevada State Legislature is preparing to consider a bill directing the Governor's Office of Energy to conduct a formal study of a potential Nevada Green Bank. The Coalition for Green Capital (CGC), a 501(c)(3) non-profit and the leading green bank advisory firm in the nation, submits this proposed Green Bank Study scope of work to inform stakeholders of the potential structure and cost of such a study, were it to be performed by CGC. Please also find attached a more detailed description of CGC's overall work plan for state green bank assistance, as well as example work product.

Proposed Scope of Work & Deliverables

Task 1 – Market Assessment

1.1) Existing program review – Comprehensive review of existing Nevada state clean energy programs to have a full knowledge set of current subsidy, lending and government support programs and to begin to identify priority clean energy deployment markets. Includes:

- Identification of all clean energy programs
- Identification of organization managing those programs
- Identification and measurement of current funding sources
- Mapping of how that money flows from collection to end-user
- Breakdown of that funding by technology and sector

1.2) Public clean energy finance landscape – Produce a list of existing public or quasi-public state-level organizations, initiatives, or programs that are similar or relevant to the collaborative being considered by Nevada. Review processes and mechanics by which those initiatives or organizations were created, structured, and capitalized. Task will also include a description of the governance structure of the initiatives or organizations and review of some of the most successful individual financing products, tools and approaches that have been implemented by these initiatives or organizations.

1.3) Basic market facts – Extract basic statistics about each clean energy market from the background research.

1.4) Interviews - Ongoing throughout project, with summary before choosing markets to prioritize. Interviews with key stakeholders. This includes financial institutions, policy makers, project developers, ESCOs, consumers, non-profits and other market participants. The purpose of these interviews is to inform CGC's understanding of priority markets, market opportunities, existing barriers to market growth, and potential steps Nevada could take to overcome those barriers. Interviews to continue through early stages of project.

Task 2 – Market Sizing



2.1) Current market size - Calculate current market size of individual clean energy markets. Determine amount of investment and/or total amount of installed technology for each market segment. This represents the current market share segment (MSS).

2.2) TAM and growth rate - Calculate the total market opportunity (Total Addressable Market (TAM)) for each clean energy market. Complete a basic assessment of the Serviceable Addressable Market (SAM) in order to identify total physical and economic potential. For instance the solar TAM represents how much residential solar would be installed if every home in the state put solar on the roof. The SAM represents how much residential solar would be installed if every home in the state put solar on the roof *if it were economically viable to do so*. The SAM and TAM will be measured in terms of customers, energy, and / or dollars. Collect relevant market research and data to form an initial understanding of market trends and size for specific clean energy markets. Identify the growth rate of each clean energy market in the state over the past decade.

Task 3 - Market prioritization and barriers

3.1) Barrier identification - Summarize “barrier findings” from interviews. Create a comprehensive list of all of the barriers to financing, financing gaps, market expansion and customer adoption that were identified during initial research and the interviews. Categorize them by market and determine whether it is a consumer-facing barrier or investor-facing barrier. Examples may include

- Lack of data prevents private capital investment
- Projects are too small and disaggregated
- Cost of capital is too high to make project economically viable

3.2) Interview summary

3.3) Market prioritization – With the input of the Steering Committee, rank order the clean energy markets based on TAM, SAM, and MSS, as well as barriers, policy constraints, and other programmatic and interview information. The prioritization will identify the largest market opportunities and guide government action to address these markets. This market prioritization will also align with existing state clean energy goals.

Task 4 – Solution Recommendations

4.1) Playbook - Develop initial list of products, policies, programs and tools that could be used to overcome each of the barriers listed in Task 3. These potential solutions will draw upon best practices from other states and markets. Identify the proper vehicles and mechanisms required to bring private capital into the market with the least amount of public dollars at risk. CGC can also provide examples of other states or markets in which these solutions were implemented in order to highlight best practices. Then, complete a quantitative assessment. Demonstrate through modeling the market impact that can be achieved by implementing these solutions. This includes increased customer adoption, increased



private investment, and increased private leverage of public dollars. Prioritize which proposed policies, products, programs or tools should be implemented based on the quantitative assessment.

4.2) Latham and Watkins memo – Latham & Watkins will draft a Legal & Regulatory Analysis outlining potential placement, capitalization, and structural options for creating an integrated clean energy financing collaborative shared across state entities.

Task 5 – Next Steps

5.1) Initial Game Plan - Develop an initial roadmap for how and when each of the “plays” could be implemented, including whether the solution could be implemented today or requires legislation and / or regulatory change. Also, identify potential sources for funding any new products or programs. The game plan will also identify key stakeholders who should be brought into the discussion moving forward.

Proposed Project Management

Working Group

- Composed of Nevada Governor’s Office of Energy (GOE) staff and CGC staff
- Responsible for executing analysis and producing deliverables
- Weekly hour long phone calls
- CGC will produce draft deliverables to be reviewed the day before each weekly call.

Steering Committee

- Steering Committee provides guidance and feedback on report; ensures that report satisfies legislative requirements
- Committee has calls every 2 or 3 weeks to review final deliverable drafts
- Committee composed of representatives from key state government agencies and other relevant bodies, like bankers association or utilities.
- Estimated group size is 10-15 people.

Stakeholder Group

- Broad body of industry and market participants
- Individuals are to be interviewed as part of the study to learn about various components of clean energy industry in Nevada and identify barriers to market growth
- Group members will also become informed about green bank study and initiative, and may become advocate base for state government action.

Project Budget

- Direct labor costs are an estimated \$85,000 and travel costs are an estimated \$15,000.
- Exact budget and timeline subject final agreement on a scope of work.