

PUBLIC BANK LA: ENVIRONMENTAL JUSTICE

JFI/Berggruen *Clean Energy Portfolio Options* Brief

Expanding Credit for Environmental Justice

The Municipal Bank of Los Angeles (MBLA) can play a significant role in advancing utility- and community-scale power projects. While rooftop solar creates major savings for homeowners on utility bills and improves household resilience against climate change, most electrical power in Los Angeles will come from larger utility-scale projects. These projects require substantial financing, and MBLA can help fill the funding gap. MBLA, private power developers, and the Los Angeles Department of Water and Power (LADWP)—the largest municipal utility in the United States—can work together to achieve the city's [LA100](#) goal of becoming carbon neutral by 2045.

California already has various programs to help low-income communities and multifamily properties go green such as offering incentives for installing solar panels, supporting energy efficiency, and letting homeowners sell extra energy. Federal programs like production tax credits encourage renewable energy project development, but gaps prevent development at the pace we need. MBLA is uniquely positioned to support clean energy financing by filling gaps in existing programs by addressing the following:

Community-Scale Solar Development: Community solar projects enable individuals and households to access solar energy without installing panels on their rooftops. They offer an affordable and accessible option for low-income households and renters. Recent legislation, AB 2316, is expected to expand and improve the regulation of community solar in California, setting criteria for utilities to initiate community solar projects. MBLA's financing can create a larger market for loans in community projects and provide an opportunity for community groups and nonprofits to lead solar initiatives.

Residential and Commercial Solar and Retrofit Programs: MBLA can engage in lending programs targeting residential and commercial solar customers. While California already promotes rooftop solar, MBLA can play a role in expanding access and raising tax equity financing, a powerful incentive to increase the development of green energy projects.

Utility-Scale Financing: Utility-scale renewable energy projects are essential for meeting clean energy goals but require significant financing. These projects encompass a range of technologies, including wind, solar, geothermal, and more. MBLA is positioned to support utility-scale projects by providing financing to cover remaining costs as well as bridging financing for tax credits and capital raised through municipal bonds.

Transmission: Transmission is an essential part of LA's clean energy future. We need to be able to move the power generated from solar and wind farms to millions of homes on the grid. California's environmental

regulations and land use laws can make securing rights of way for transmission lines a time-consuming and uncertain process, leading to higher financing costs. Federal and state programs aim to address these issues, providing grants and low-rate financing for transmission projects.

Utility-Scale Debt Financing for Renewable Energy: Utility-scale projects require larger loans and cover diverse technologies like onshore and offshore wind and large solar power plants. MBLA's lending can reduce the cost of energy for these projects and provide significant savings to consumers.

Solar PPA Bridge Loans: Power Purchase Agreements (PPAs) are long-term renewable energy contracts where property owners lease their rooftops or properties to install solar equipment. This allows them to buy energy generated by this equipment or sell it to the grid, reducing energy costs without the hassle of maintaining the solar equipment. At the end of the lease, property owners can typically choose to buy the solar equipment at a predetermined price. PPAs provide property owners the opportunity to benefit from solar equipment without installation costs. MBLA can lower credit risks by creating a fund for PPA loans, attracting other lenders and private investors.

Blending Efficiency Retrofits and PPAs in Low-Income Multifamily Developments: MBLA can support efficiency retrofits by combining them with solar PPAs. This blended approach ensures a cash flow from both retrofits and PPAs, reducing loan burdens for property owners and making projects more financially viable.

CPACE Secured Loan Programs: Commercial Property Assessment Clean Energy (CPACE) programs enable property owners to secure loans based on property value increases due to improvements. MBLA can use alternative credit metrics to expand eligibility for CPACE loans, targeting small and minority-owned businesses.

Community Solar Development	Residential Commercial Solar Retrofit Programs	Utility Scale Financing	Transmission
Facilitates solar energy access without rooftop panels through legislation and financing.	Expands solar access and tax equity financing.	Supports large-scale renewable projects financially.	Facilitates power movement to meet clean energy goals.

Utility Scale Debt Financing Renewable Energy	Solar PPA Bridge Loans	Blending Efficiency Retrofits PPAs Low Income Multifamily Developments	CPACE Secured Loan Programs
Provides significant loans for various renewable projects.	Lowers credit risks for solar equipment leasing.	Combines retrofits and solar leases for financial viability.	Utilizes property value for clean energy loans.

Los Angeles and California are leaders in the transition to clean energy. The Municipal Bank of Los Angeles' role is pivotal in reducing energy costs, supporting new energy projects, and ensuring the viability of renewable energy initiatives in a complex financing landscape.