



Frequently Asked Questions

1. What is the New Mexico Climate Investment Center (NMCIC)?

This is a mission-driven, independent, public nonprofit investment fund (sometimes called a green bank but is not a traditional deposit-taking bank) that uses limited amounts of public money to attract private sector money for investments in equity-focused, emissions-reducing projects that would not otherwise have adequate access to financing options. It will prioritize projects that provide direct benefits to low-income, disadvantaged and tribal communities, and it will further the climate action goals of the state of New Mexico.

2. Why is NMCIC set up as an independent nonprofit?

The Coalition of Sustainable Communities New Mexico, with the support of the Governor, has advanced the development of NMCIC as a nonprofit corporation. A nonprofit structure provides the fastest time to market, is easier to create than a governmental entity, and is “independent” and therefore has operational autonomy from the government, minimizing political risk to investors as administrations change. As a non-state entity, it does not have to comply with the Personnel Act, the State Rules Act and the Procurement Code, among other state regulations, which would make it much less nimble and quick-acting. NMCIC will provide the opportunity for state oversight through board participation and any operating agreements with state agencies.

3. How much capital is needed to get NMCIC up and running?

It is important that NMCIC raises at least \$20 million by summer 2024 as well as receives a one-time \$1.5 million infusion before then to hire a CEO and staff before the release of other funding. The \$20 million will be required for ongoing operations and for initial investment capital for a range of clean energy loan products, anticipated to attract at least 4 times that total in private capital. It is critical that these financing products have been successfully launched to attract maximum federal funding from EPA’s Greenhouse Gas Reduction Fund, which will be distributed to sub-awardees by late 2024/early 2025.

4. What oversight will exist over the use of funds?

The nonprofit board will oversee the governance of NMCIC. It will conduct a (national) search for a qualified CEO with financial, investment, renewable energy and climate knowledge. The CEO will be responsible for hiring the best staff, including a CFO with the capability of overseeing the use of the funds under the guidance of the CEO, the board, and the board’s finance committee. Two state cabinet secretaries will serve as ex officio members of the board as well as two elected members of the Coalition of Sustainable Communities NM. As a 501(c)3 organization, its financial records and 990 filings will be open for public scrutiny.

5. What will be the focus of NMCIC’s loans?

- The NMCIC’s initial loan products will focus on providing benefits to low-income and disadvantaged households by bringing a blend of capital to help non-traditional borrowers secure long-term, low

interest loans to help reduce energy costs through energy efficiency, energy related home repairs, and rooftop solar. NMCIC will offer a range of commercial and residential projects in partnership with Colorado Clean Energy Fund (<https://cocleanenergyfund.com/>).

- NMCIC will also support the adoption of commercially viable renewable and clean technologies at a variety of scales and across various sectors, particularly buildings and transportation. It can fund large infrastructure projects (e.g. wind farms, community solar, geothermal), to smaller projects (e.g. microgrids, energy storage, energy efficiency, electrification upgrades, rooftop solar, EV infrastructure).
- NMCIC will aggregate small residential and commercial projects to meet a sufficient scale to attract private capital and co-invest or lend directly to projects with marginal economics, to improve overall economics for investors and customers.
- Unlike one-time grants and subsidies for decarbonization projects, these funds mobilize greater total investment, and because the financing offered by the funds is repaid with interest, money is reinvested to sustain its future operations.
- NMCIC will convene stakeholders (e.g., financial entities, investors, contractors, technologists, borrowers, state agencies, nonprofits) to build partnerships that help close financing gaps, strengthen existing financial institutions' ability to lend to non-traditional borrowers, and build a clean energy economy in New Mexico.

6. What are NMCIC's Investment Priorities?

NMCIC's Investment priorities include:

- Mature, commercially available technologies;
- Renewable energy projects: e.g. solar, wind, and geothermal resources;
- Loans/grants that reduce energy burdens for low-income and disadvantaged communities;
- energy efficiency and building electrification measures;
- alternative and electric fuel transportation and infrastructure;
- energy storage;
- other renewable sources of energy that replenish within a human lifetime and lead to a net reduction in greenhouse gas emissions.

7. Is this the best vehicle to attract the Inflation Reduction Act (IRA) funding for the state?

The IRA provides significant federal funding available for statewide and local green banks. It led to the creation of the \$27 billion Greenhouse Gas Reduction Fund (GGRF), administered by the EPA, which will award all money by July 2024.

- **Solar For All:** \$7 billion for states, municipalities, tribal governments, and nonprofits for financial and technical assistance to low-income and disadvantaged communities to deploy or benefit from energy efficiency measures and zero-emission technologies, including residential rooftop solar;
- **National Clean Investment Fund and Clean Communities Investment Accelerator:** \$20 billion for non-profits for financial and technical assistance to qualified projects that reduce or avoid greenhouse gas emissions and other forms of air pollution, with over half of the funds specifically carved out for low-income and disadvantaged communities. New Mexico does not currently have a financial institution which easily slots into EPA's definitions for the \$20 billion. The NM Climate Investment Center is well positioned to receive around \$60 million in IRA funds to maximize reduction in greenhouse gas emissions, reduce energy costs for vulnerable communities and households, enhance green job creation, accelerate climate resiliency measures, and support economic growth.