

DOCKETED

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Catalyzing Private Funding for Clean Energy Innovation

Summary Presentation of Upcoming Report

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Objective

**Catalyze private investment in
scaling and deploying clean tech**

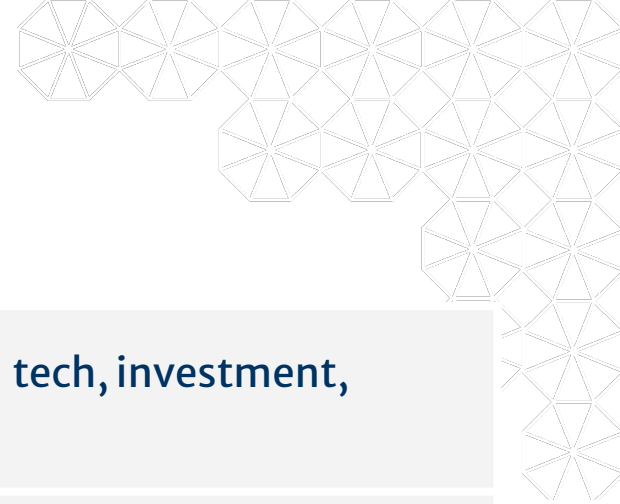
In order to...

Decarbonize CA

**Stimulate CA
Economic
Development**

Advance Equity

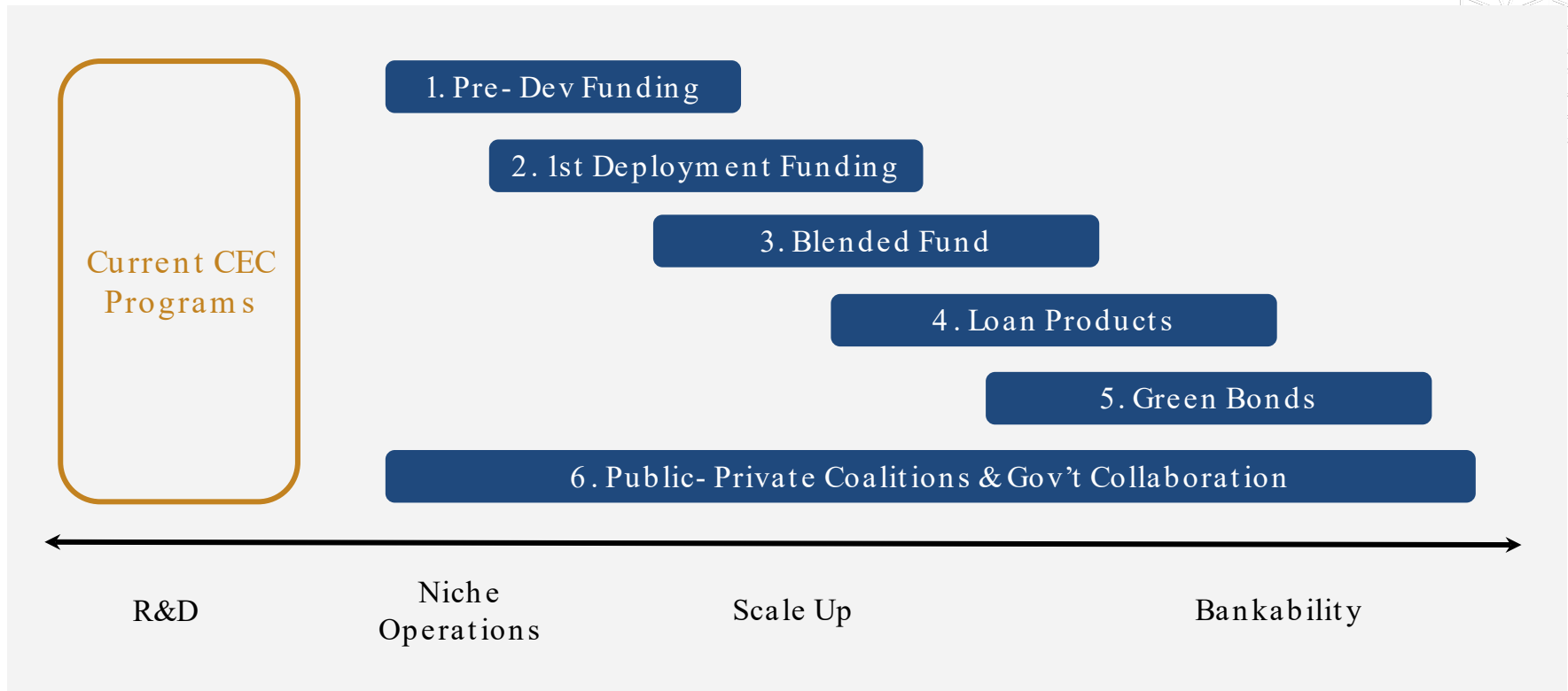
Methodology



Stakeholder Analysis	Map stakeholders in clean energy tech, investment, development, and deployment
Desk Research	Scan literature to identify field trends and opportunities
Expert Interviews	Gather insights to answer research questions
Policy Analysis	Analyze options and recommend top strategies

Results

Six new strategies:



Criteria



Need for
Public
Intervention

Mobilization
Potential

Risk

Economic
Development

Equity

1. Pre-Development (Pre-Dev) Funding

Description	Analysis
<ul style="list-style-type: none">● Pre Dev = work needed before construction● Competitive selection● Financing mechanism could be grant, loan, loan guarantee or other● TA and support with regulations/ permitting	<ul style="list-style-type: none">● Need for Public Intervention – Public \$ needed dues to risk● Mobilization Potential – Can unlock fully private project finance capital stack● CEC Risk – Highest risk phase of project finance● Econ. Dev – Leads directly construction project● Equity – Very influential over siting decisions

2. First Deployment Demonstration Funding

Description

- Focus on testing large scale production
- CEC invests bulk of funding via grant
- Can require minority equity match

Analysis

- **Need for Public Intervention** – Uncertainty and large capital outlay deters private investment
- **Mobilization Potential** – Low
- **CEC Risk** – High risk, few benefits if project fails
- **Econ. Dev** – CEC can assist in bringing projects (and jobs) to California
- **Equity** – Large role of CEC allows for control over equitable distribution

3. Blended Fund



Description

- Private equity model used in developing world
- First loss equity to de-risks private investment
- Large scale capital pool suitable for maturing technologies
- Likely use 3rd party fund manager
- Target investments in CA and by tech

Analysis

- **Need for Public Intervention** – Low b/c lots of private VC activity currently
- **Mobilization Potential** – High
- **CEC Risk** – CEC takes highest risk positions in fund
- **Econ. Dev** – Low job creation focus
- **Equity** – Fund’s investment criteria could include equity goals

4. Loan Products

Description

- CEC likely will not be the organization offering loans
- CEC can serve as a connector with the following:
 - on-lending
 - loan syndication
 - loan aggregation
 - loan guarantees

Analysis

- **Need for Public Intervention** – Education of debt financing needed
- **Mobilization Potential** – Connecting lenders to borrowers mobilizes private funds
- **CEC Risk** – Low
- **Econ. Dev** – Varies depending on project
- **Equity** – Can set equity requirements in exchange for CEC participation

5. Green Bonds

Description

- Debt issuances for green projects with tax incentives for investors
- Support launch of CA Treasurer's Office Green Bond program
- Recommend clean energy infrastructure projects

Analysis

- **Need for Public Intervention** – Government-issued bonds needed to finance public infrastructure
- **Mobilization Potential** – Billions of dollars
- **CEC Risk** – None, treasurer-led effort
- **Econ. Dev** – CA clean infrastructure development
- **Equity** – Prioritize projects benefiting disadvantaged communities

6. Public-Private Coalitions & Gov't Collaboration

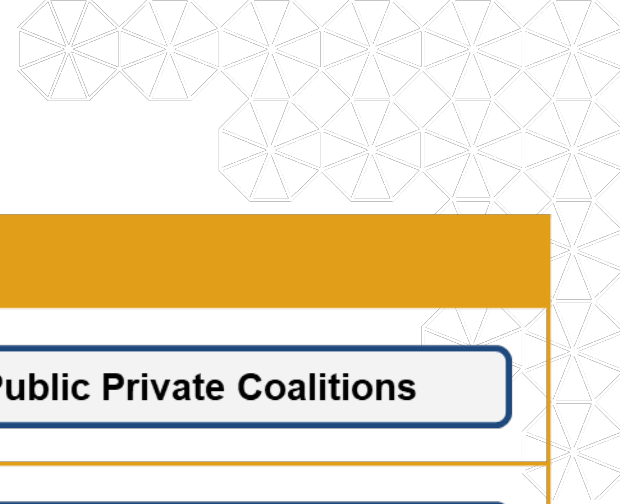
Description

- Nonprofit run, CEC supported coalitions for convening, TA, knowledge-sharing, financing and advocacy
- Leverage funds from
 - CA Treasurer's Office
 - CA Office of the Small Business Advocate
 - CA State Trade Expansion Program
 - EDA

Analysis

- **Need for Public Intervention** – Market unlikely to fill gap, CEC logical connector
- **Mobilization Potential** – Billions via other gov't agencies and connecting startups and investors
- **CEC Risk** – Low
- **Econ. Dev** – Cleantech ecosystem development
- **Equity** – Support for diverse business owners

Analysis



Top Strategies		
Need for Public Intervention	Pre-Dev Funding	Public Private Coalitions
Mobilization Potential	Blended Fund	Loan Products
Low-Risk	Green Bonds	Loan Products
California Economic Development	1st Deployment Demos	Green Bonds
Equity	Pre-Dev Funding	Public Private Coalitions

Recommendations



- 1 Focus on Deployment
- 2 Pair with Technical Assistance
- 3 Embed Equity Incentives
- 4 Complement/leverage other public programs



Catalyze private investment



Decarbonize CA



Stimulate CA Economic Dev.



Advance Equity

Thank You

