

Testimony on SB386 submitted by Phil Aroneanu, Chief Partnership and Strategy Officer, Climate United Fund.

I submit this testimony pertaining to Maryland Senate Bill 386, on behalf of Climate United Fund, a national public-private lender removing financial barriers to clean energy projects so every American benefits. We directly invest in solar and storage, building electrification and efficiency, and zero-carbon transportation projects, and also operate as a financial intermediary between public and private investors and community-serving financial institutions such as CDFIs, Credit Unions, and Green Banks.

In 2024, we were awarded \$6.87 Billion from the U.S. Environmental Protection Agency to expand access to finance for clean energy technologies to rural, tribal, and low-income communities under the National Clean Investment Fund, a program under the Inflation Reduction Act.

Our country is on the precipice of a national energy affordability crisis, led by ballooning AI electricity demand, and compounded by tariffs, federal funding cuts, stagnating economic indicators and a sluggish job market. HB897, the Lower Bills and Local Power Act of 2026, was introduced to address electricity affordability concerns while ensuring clean, emissions-free energy is available to all Marylanders.

The Solar and Energy Storage Market Stabilization Program proposed in the bill, funded by proceeds from the Strategic Energy Investment Fund (SEIF), would provide financial assistance to clean energy projects through loans and grants. This demonstrates that legislators understand the challenges of deploying community-benefitting clean energy projects. Standing up a state public financing program for solar and storage projects can be a powerful tool to help deliver results to Maryland, but only if designed correctly.

It appears this legislation identifies a potential investment of \$100 million or more in a loan or grant program. Climate United Fund would like to offer some suggestions and insights from our experience and would welcome the opportunity to assist Maryland in developing a scalable and efficient program.

Tasking a government agency to assess and qualify shovel-ready infrastructure projects, doing the necessary due diligence, and providing loans and grants to developers to build them is a tried-and-true, if slow, process to build solar and storage projects.

The painfully slow deployment of Inflation Reduction Act grants and loans is a case in point; by the end of 2025, only 20% of the \$80 Billion in IRA grants had been spent, and only 27% of the Dept. Of Energy's Loan Program Office's (LPO) \$400 Billion lending authority had been invested. Some of these programs, like LPO and NCIF were designed to de-risk

and scale new markets for clean technology, leveraging public funds to generate \$5-10 in private investment for every \$1 in federal funds.

State governments like Maryland's that are interested in filling in federal gaps and quickly expanding access to clean energy have an opportunity to leverage several tested models and financial instruments that can maximize the impact of scarce public dollars and leverage private capital at scale. Some examples include:

Green Banks. Dozens of public, quasi-governmental, and non-profit state, municipal, and national green banks across the country leverage public funds to provide various flavors of subsidized capital, credit enhancements, technical assistance, and help de-risk new markets to crowd in private capital. Green Banks drive community benefits, lower costs, and accelerate clean energy deployment.¹ Since 2011, Green Banks in the U.S. have mobilized more than \$25.4 Billion in public and private investments in clean technology projects.²

Community Development Financial Institutions. CDFIs are Treasury-certified lenders with a mission to provide fair, responsible financing to rural, urban, Native, and other communities that mainstream finance does not traditionally reach. They support small businesses and homeownership, create living wage jobs, support the development of schools, grocery stores, and health care centers, and more than 55% of U.S. CDFIs finance clean technology deployment.³

Impact and Mission-Driven Investors. Climate United Fund is a subsidiary of Calvert Impact, Inc., a Bethesda-based non-profit impact investor. For 30 years, the Calvert Impact Group has served as an intermediary, helping investors and financial professionals invest in solutions that benefit people and the planet, from renewable energy funds providing affordable solar products in Sub-Saharan Africa to small business lenders targeting underserved populations in the U.S. Impact investors have specialized knowledge of underserved markets and often utilize creative financial structures to mobilize private capital to unlock these markets. The impact investing market has grown globally, with more than \$1 Trillion AUM.⁴

Beyond Green Banks, CDFIs and Impact Investors, there are many other organizations and structures outside of state and federal governments that can help deploy clean technology while reaching new markets.

¹ <https://www.usgreenbanks.org/members>

² <https://web.archive.org/web/20260210000306/https://cgc.org/our-impact/>

³ <https://www.ofn.org/what-is-a-cdfi/key-priorities/sustainability/>

⁴ <https://thegiin.org/publication/research/sizing-the-impact-investing-market-2024/>

What do all these types of organizations have in common? They can move quickly and nimbly, adjusting to shifting market conditions by leveraging specialized expertise. They have a clear mission, a broad and flexible set of financial tools, and are implemented by a team with tailored expertise. They act as market catalysts – taking risks that government agencies and the private sector won't or can't take alone, and with the explicit purpose of crowding in private capital so the market, once jump started, can stand on its own.

As the Maryland state legislature considers how to leverage SEIF funds to deploy clean energy projects, here are some recommendations for how to utilize public funds most efficiently:

1. **Offer creative financing options.** Traditional grants, tax credits, subsidies, and loans have been widely available to households, businesses and investors engaging in clean technology deployment, but can be blunt-force instruments. Other tools such as loan-loss reserves, loan guarantees, credit enhancements, PACE financing, equity investments, and bespoke leases and loans allow investors to tailor financing options to current market conditions, leveraging maximum benefit from each public dollar, and helping transform markets.
2. **Take risks where data is lacking.** If you've ever gotten a quote for a heat pump installation or leased an electric vehicle, you know that the financing terms are based on the future value of the asset and/or the value of the energy savings. In many cases, there is insufficient data to determine what the assets will be worth in the future, or what electricity prices will look like. This is the perfect place for public-private funds to step in to take market risk that private capital won't, with the goal of developing data to unlock millions or billions in future flows.
3. **Embrace policy complexity.** State and federal incentives and grant programs can help lower upfront costs for clean technology, but they tend to be complicated and take time to pay out. Nimble, flexible organizations have the patience to understand these incentives and provide capital to bridge them, a barrier that keeps many investors away.
4. **Address all cost drivers.** To make clean technology attractive to households and small businesses, it's important to look at the full cost of ownership; not just the lease or loan, but the cost of maintenance, insurance, interconnection and permitting. Because public-private investors can aggregate the purchase of heat pumps, solar panels, and/or electric vehicles, they can negotiate maintenance and warranty packages with the manufacturers, policies with insurers, and cost of

electricity. All these inputs are important for households or business operators deciding to switch to the clean product.

5. **Partner across the supply chain.** Change is hard, and even cost-competitive technologies may not be enough to speed up adoption, so it's important to do the market research and understand which households and businesses are already willing to invest in clean technology. Working directly with OEMs and aggregators to streamline marketing, procurement and finance can help cut costs and generate revenue across the supply chain, resulting in consumer savings.

Climate United's experience suggests that leveraging SEIF funds using a public-private partnership model developed with input from experienced mission-driven clean technology investors can bring sustained benefits. By following the recommendations above, Maryland has the opportunity to leverage scarce public funds to mobilize private finance, cut emissions, and scale up deployment of solar and storage, reduce energy bills, and create jobs.

We applaud the legislature's commitment to accelerating solar and storage deployment across the state, and stand ready to provide support on program design and implementation as needed.