How public finance can catalyze energy and resilience investments in Oregon

Advait Arun
Senior Associate for Capital Markets
advait.arun@publicenterprise.org

January 2026

The Center for Public Enterprise

Delivering innovative housing, energy, and transportation finance program designs for the public sector.

We support state governments in developing catalytic energy investment programs, including by leveraging federal and state tools, and developing replicable, self-financing project development strategies across jurisdictions.

We provide:

1. Financial Modeling: direct pay, transmission, solar
2. Financing Structures: bridge loans, revolving funds
3. Detailed knowledge of federal and state programs
4. Close engagement with state and federal leaders
5. Financial market and energy sector expertise
6. Policy recommendations for capital markets and industrial policy

We are your *thought partners* in innovative finance!

We have the capacity for 1<>1 support for project structuring.

Our top resources:

Elective Pay Financial Model, Calculator, & Report
Revolving Loan Fund Issue Brief
Financial functionalities for state instrumentalities

What we're doing right now:

- Building **project financing pro formas** for revolving loan funds, school solar, public transmission finance, microgrids and VPPs, and clean firm (e.g., geothermal)
- **Capital stack planning** for partners
- Monitoring recent **federal policy changes**

We have contract partners across the country at public finance agencies and state energy offices!

Energy finance and public enterprise

The history of public energy finance

- In the last 15 years, numerous nonprofit, public, and quasi-public institutions have sprung up in the U.S. to finance resilient infrastructure, each with varying missions and capabilities.

- **State-led**
  - Connecticut Green Bank
  - Minnesota Climate Finance Innovation Authority
  - Illinois Finance Authority
  - California Infrastructure Bank
- **Nonprofit**
  - Michigan Saves
  - Clean Energy Fund of the Carolinas (North Carolina)
  - Solar Energy Loan Fund (SELF)
  - Capital Good Fund
  - **Oregon Energy & Resilience Infrastructure Fund?**

What can a public-led strategy achieve?

- **Many nonprofit energy finance institutions deploy low-cost capital for local resilience:**
  - Building decarbonization and efficiency: retrofits, clean heating.
  - Residential electrification: heat pumps, rooftop solar.
  - “C-PACE” transactions—where property value appreciation is collateral for investment.

- **Some state-driven strategies are even more ambitious:**
  - California’s Infrastructure Bank can finance transmission lines.
  - Finance New Orleans plans to finance virtual power plants (aggregated solar capacity).
  - New York Power Authority is building *5.5 gigawatts* of renewable energy.
  - Vermont Bond Bank is driving flood resilience investments.
  - Connecticut Green Bank built rooftop solar across the state in communities private investors wouldn’t invest in.

(Many of these are state instrumentalities and/or public power agencies.)

Why build an Energy & Resi Infra Fund?

An Energy & Infrastructure Fund can support Oregon's resilience goals while stabilizing costs.

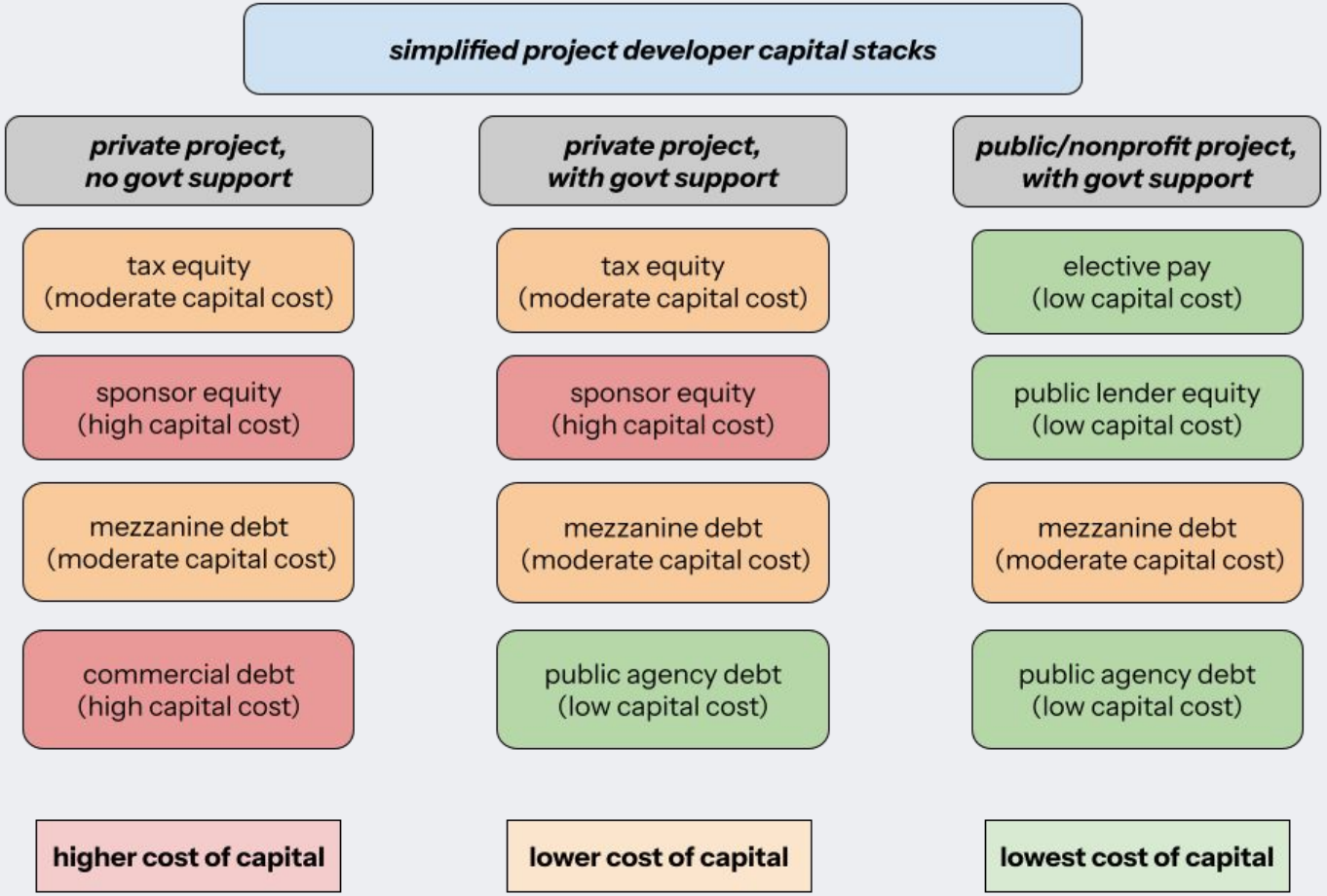
- Private finance cannot take adequate risk, particularly for scaling up newer technologies such as dual-use heat pumps.
- Public entities can use access to lower-cost capital to support struggling projects and to seed ambitious new project pipelines.
- Long-term public support, particularly through financing and permitting, is beneficial for regional development, price stability, and resilient infrastructure.

What can Oregon ERIF offer?

- **Lower cost of capital**
  - Grants
  - Public bonding authority
  - Access to federal and state funds, including elective payment of tax credits

- **Lower return requirements / equity hurdle rates**
  - Goals are resilience, price stability, and value capture for taxpayers—not returns to shareholders!

- **Centralization of administrative responsibilities** for financing clean energy and resilience:
  - Interactions with utilities, state land management entities, communities, unions
  - “One-stop shop” for financial and underwriting expertise
  - Mobilizes private and public capital
  - Visibility over job and community benefits


simplified project developer capital stacks
private project, no govt support
tax equity (moderate capital cost)
sponsor equity (high capital cost)
mezzanine debt (moderate capital cost)
commercial debt (high capital cost)
higher cost of capital
private project, with govt support
tax equity (moderate capital cost)
sponsor equity (high capital cost)
mezzanine debt (moderate capital cost)
public agency debt (low capital cost)
lower cost of capital
public/nonprofit project, with govt support
elective pay (low capital cost)
public lender equity (low capital cost)
mezzanine debt (moderate capital cost)
public agency debt (low capital cost)
lowest cost of capital

CPE

How Oregon's ERIF can shape the market:

Public enterprise can shape the market

An Oregon Energy & Resilience Infrastructure Fund should identify projects, build a pipeline, provide targeted support to developers, and work regionally rather than locally.

An Oregon-led financing institution needs:

- **Administrative capacity** to build a project pipeline and identify financing solutions.
- **Catalytic financing tools** to shape the market,
    - or access to those tools via other Oregon institutions.

With those capacities, it can deliver community benefits, job growth, and price stabilization amid the twin energy and property insurance crises.

Requests for Information/Proposals

Oregon ERIF can build a “bench” of qualified developers to work with—not just now, but, by establishing and building collaborative relationships, in the future, too—**through RFIs and RFPs!**

ERIF should ask developers:

- **How can state financial tools support your project?**
  - What financial structures and products are most useful?
- **What is your project’s target market and expected cash flow profile?**
  - What does the project’s supply chain look like?
- **Can you qualify for federal tax credits and/or elective pay?**
  - What further support is needed?
- **Can you commit to high-road labor and environmental standards?**
  - Experience hiring workers at prevailing wages, signing community benefit agreements.

ERIF can **identify struggling projects** and develop plans to stabilize them.

State RFIs!

Colorado Energy Office

(d) Provide high level public benefits for the project, including economic development and emissions-reduction benefits;

(e) Description of project's primary market and customers.Financing prospects, and details on capital, if possible;

(f) A description of how the CEO can assist with improving project viability and preferred investment mechanisms, and any impact that other sources of financing, including but not limited to state and federal authorities, could have on pricing decisions

(g) Status of existing project pipeline and project progress, including number of projects, technology utilized, grid interconnection zone, and schedule;

(h) Description of a typical construction contracting (in house or external resources and/or union labor);

(i) Provide a domestic content outlook, including a description of your potential supply chain and subcontractors and your ability to engage in a domestic content attestation as required by federal law for projects securing federal support;

ARIZONA FINANCE AUTHORITY

Clean Energy Project RFI - Submission Form

Welcome to the Request for Information (RFI) for Clean Energy Projects by th
Resiliency and the Arizona Finance Authority. We are seeking input and prop
energy projects that can benefit from state coordination and financial suppo
federal programs to drive clean energy investments.

New York Power Authority

Collaborative Opportunities

5) Would collaborating on the development of renewable energy projects be of interest to your organization?
   a) If so, what collaborative structures are preferable?
   b) If so, what role could NYPA play to be most beneficial, and why?
6) What issues or concerns do you have with such collaborations and how might they be resolved?

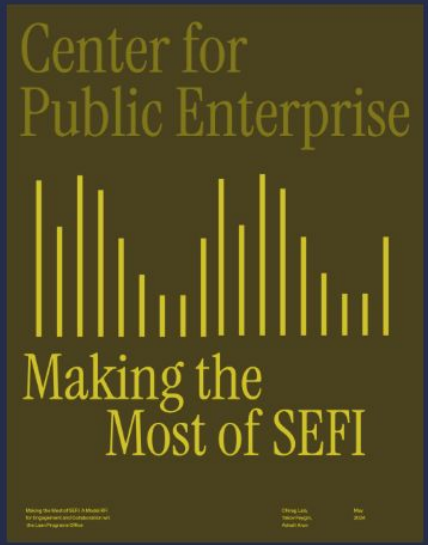
Market Outlook

7) Provide a discussion on pricing trends and any other information on pricing to be considered
8) Provide a discussion of expected and/or previously seen supply chain issues in the industry.
   a) What is your organization's outlook on domestic content?
   b) What, if any, role could NYPA play to help alleviate supply chain issues?
9) What is your organization's outlook on agrivoltaics? Please specify any experience your organization has in this area.

CPE's Model RFI

Making the Most of SEFI: A Model RFI

Advait Arun, Chirag Lala, & Yakov Feygin
May 13, 2024



RFI Strategy

- **Identify the following types of projects using RFIs:**
  - Projects in need of “rescue” via infusion of patient and risk-tolerant capital.
  - Developers that may need a co-developer that can eventually own the project.
  - Projects that capture value for taxpayers through resilience benefits.

- **Build a team of capable underwriters** drawn from state instrumentalities and endowed with the authority to lead and coordinate implementation of the state’s clean energy plans.

- **Facilitate project survival** through a mix of financial instruments and interventions.

- **Enforce high-road labor and environmental standards** as condition for public support.

By becoming the “one-stop shop” for building a project pipeline, ERIF becomes an engine for **economic development through resilience.**

Market-shaping finance?

- State-level **tax credits**
  - **Colorado**'s geothermal and industrial decarb tax credits
- **Public development and finance** for clean energy
  - Draws in private developers as contractors and partners
  - **NYPA** portfolio, **California**'s proposed transmission financing
- State-led **Special Purpose Vehicles** to aggregate small projects
  - Aggregated portfolios can attract private investors
  - Virtual Power Plants
- State-led **dealership / procurement**
  - State takes upfront demand risk
  - Creates a new market
  - **Climate United**'s EV trucking program

Colorado Geothermal Energy Tax Credit Offering

A financial incentive for business and government entities to develop, produce, and use geothermal energy.

Funding Overview:

Eligibility: Private Entities, Local Governments, Public-Private Partnerships
Type: Tax Credit (merit-based, refundable)
Amount:

- Up to 30% of investment cost for Investment Tax Credit (ITC); may award up to 50% for select projects (not to exceed $5 million/project)
- $0.02/kWh for Production Tax Credit (PTC); CEO may modify amount on an annual basis

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY
Cottie Petrie-Norris, Chair
SB 330 (Padilla) – As Amended June 30, 2025

SENATE VOTE: 28-10

SUBJECT: Electrical transmission infrastructure: financing

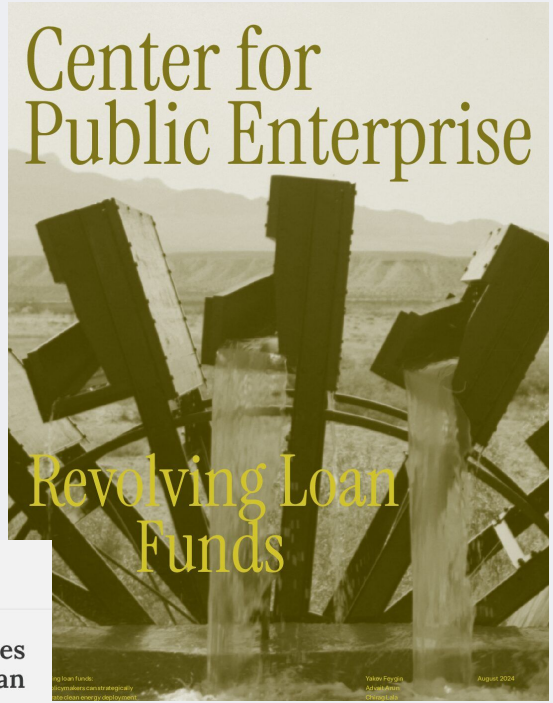
SUMMARY: Authorizes the Governor to select projects to develop, finance, or operate electrical transmission infrastructure that meets specified requirements. Specifically, **this bill**:

California SB 330

Revolving loan funds

- **RLFs empower states to recycle one-time appropriations toward critical projects.**
  - Construction risk
  - Term financing
  - Liquidity buffers

- **Efficient and flexible use of one-off capital allocations.**
  - Leverage and capital recycling
  - Mobilizing private and public capital
  - Returns capital to the state and taxpayers



MOVING DAY

As federal funding for climate adaptation dries up, Illinois sets an example for what states can do

The state is launching a new flavor of revolving fund to support climate resilience, a first in the nation

SUSAN CRAWFORD
JUL 16, 2025

(Susan Crawford)

Revolving loan funds

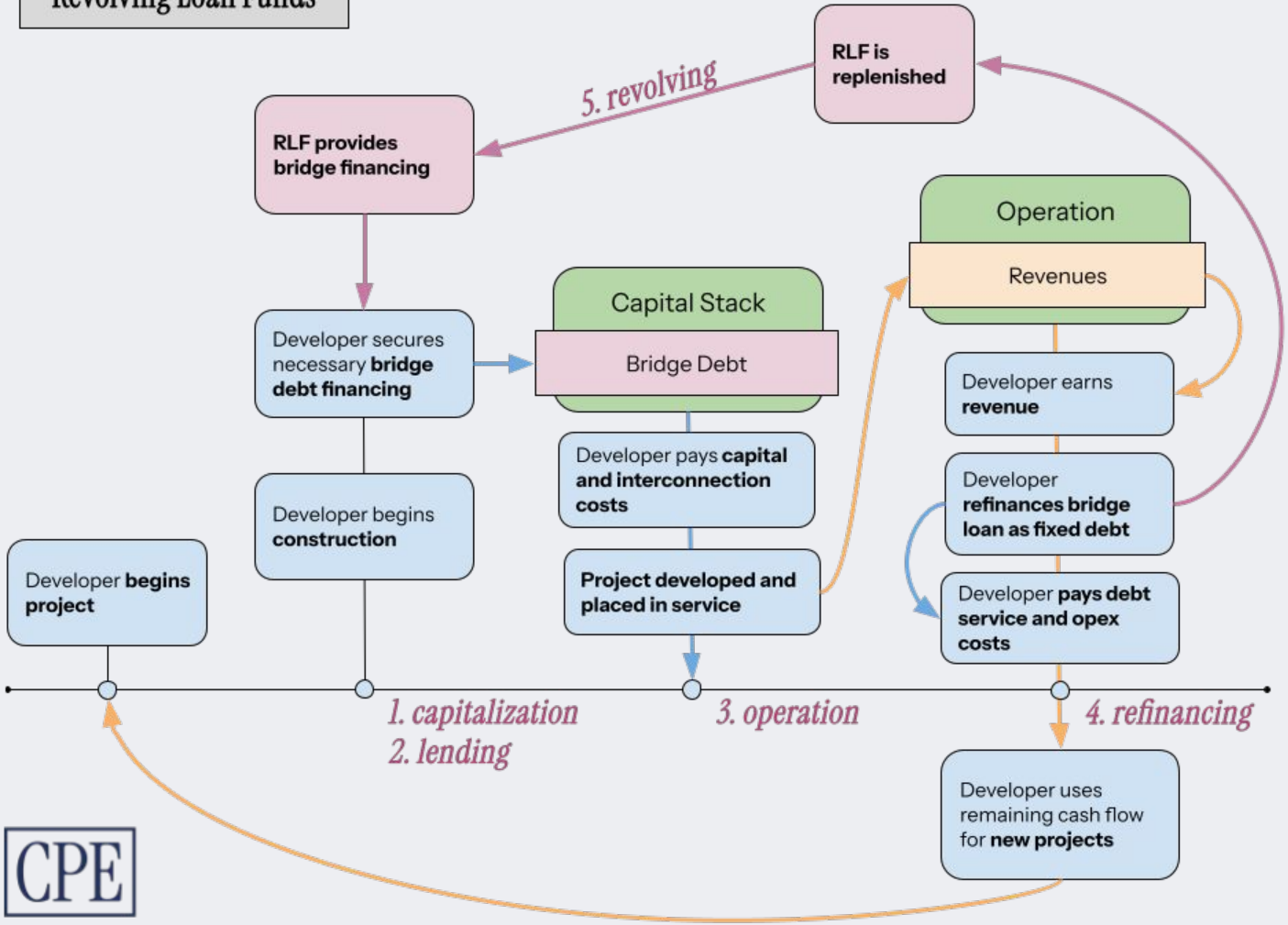
- Oregon ERIF should set up a revolving loan fund to finance the construction and operation of clean energy and resilient infrastructure projects.
  - **Business Oregon** could underwrite and administer the program as needed.
  - **Business Oregon**, as a conduit lender, can raise **low-cost tax-exempt debt!***

    **Potentially subject to private activity bond "volume cap" constraints, depending on "qualified activities" and project ownership. A state instrumentality would have fewer of these problems.*

- ERIF complements other public and private sources of capital to drive economic development!
  - Ensure projects reach completion.
  - Lower developers' cost of capital.
  - **Lower breakeven cost of energy/resilience services to consumers.**
  - **Revenues can be recycled into new projects.**

Public enterprise can **capture value for the Oregon taxpayer**—not just by stabilizing consumer costs but by returning revenue to the state budget that can be deployed toward new investment in necessary infrastructure.

Revolving Loan Funds



CPE

Financial functionalities for state instrumentalities

Advait Arun
September 18, 2025

- Debt financing: loans, bridge debt, bonding authority, guarantees, credit enhancements.
- Equity financing, including co-ownership or buyouts.

The diversity of tools is as or even more important than the scale of the capitalization.
The flexibility of a public entity to use its tools in service of its mission is more important still.

Promising new sectors!

- **Resilience and adaptation**
  - Virtual power plants (VPPs), distributed capacity procurement, community choice aggregators
  - Grid stabilization via distribution finance, grid-enhancing technologies.
  - **Geothermal energy:** Oregon has lots of potential for next-generation geothermal technology development, for heating and electricity.

- **Resilient housing**
  - Dual-fuel heat pumps, weatherization and efficiency
  - Resilient mezzanine loans, property insurance captives.
  - More housing means more tax revenue for long-term resilience investments.

- **Why?**
  - Price stabilization for taxpayers amid energy and property insurance crises.
  - Risk-taking today can generate substantial returns and lock in new capacity to head off future supply/price shocks.

Benefits for Oregon

- **Community benefits:**
  - Energy price stabilization for ratepayers and taxpayers.
  - More efficient and resilient buildings.
    - Cheaper insurance and energy costs good for homeowners and small businesses.
  - State can help design, monitor, and standardize community benefit agreements.

- **Job benefits:**
  - State can build a bench of high-road developers experienced in hiring at prevailing wages / hiring union labor and building pipelines of trained workers.
    - Stabilizes labor costs and availability across the industry.

- **Executive Order 25-29: What's missing is *finance*.**
  - EO has many instructions for streamlining permitting and institutional cooperation.
  - EO does *not* suggest strategies for ensuring that critical projects secure stable financing. Oregon ERIF should create and shape that strategy.

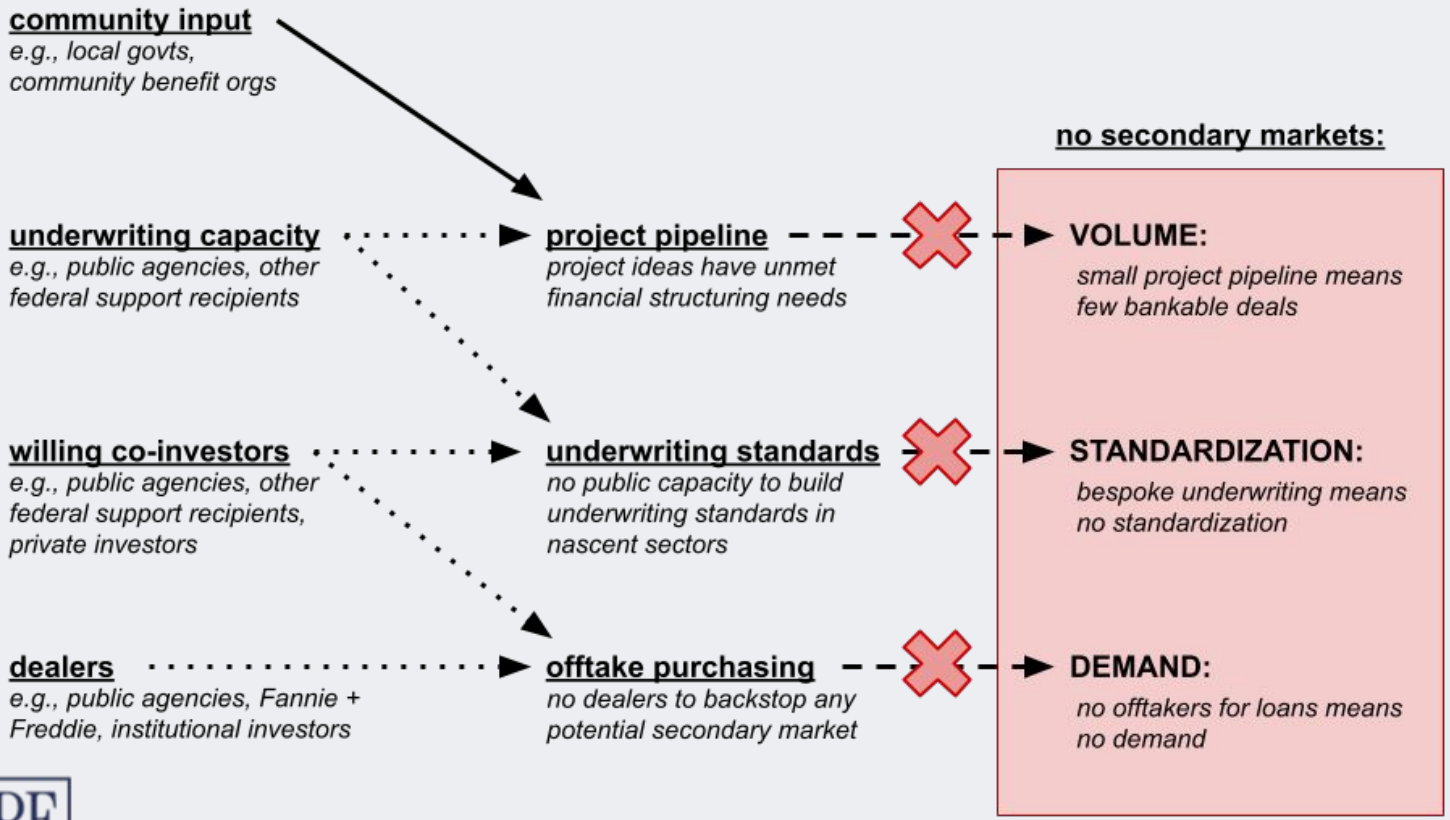
Limits of the existing ecosystem

- Local problems are easy to identify locally—but they are hard to solve locally.
- Apparent fear of “crowding out” capital prevents public agencies from supporting the most project development possible and from lowering breakeven costs for taxpayers.

Local organizations have the ability to drum up narratives, identify concerns, secure grants, and convene stakeholders. **Most cannot raise debt, work with the IRS, hire expensive legal technical assistance, or prepare project financials.** How do we allocate responsibilities better across state energy policy ecosystems?

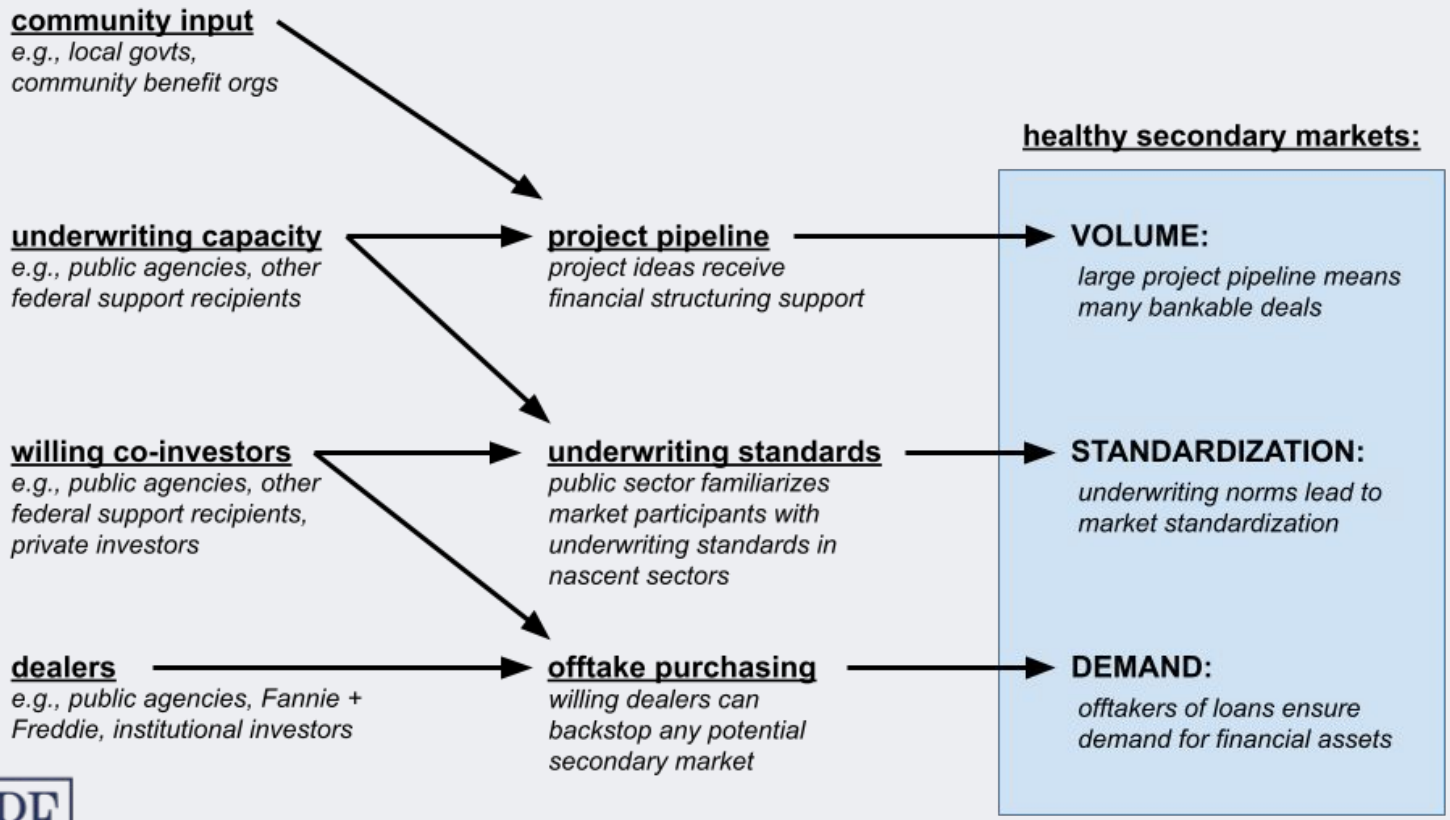
An Oregon ERIF backed by Business Oregon expertise and adequate state support can surmount all of these barriers.

It's hard to make markets in nascent sectors without public intervention:



CPE

Here's how the public sector could intervene in nascent sectors to make markets:



CPE

Oregon has the tools!

- ERIF needs **mandate** to “take point” from other state and quasi-state institutions and **flexible financial authorities** to execute on mandate.
    - Oregon already has institutions like **Business Oregon** to support this work.
- ERIF could access **new low-cost capital sources** such as tax-exempt bonds
- Uptake of Oregon programs will increase with time and capitalization. **Build a project pipeline and develop programs and partners will come!**
- ERIF can use procurement power to set high-road labor and environmental standards for project development. **Public demand levers can shape the market.**
- Faster deployment means faster cost stabilization and public value capture.

Contact

publicenterprise.org

Advait Arun
Senior Associate for Capital Markets
advait.arun@publicenterprise.org

Chirag Lala
VP of Research, Chief Economist
chirag.lala@publicenterprise.org

Yakov Feygin
Director of Energy
yakov.feygin@publicenterprise.org