



Minnesota Climate Innovation Finance Authority (MnCIFA) 2023 Annual Report

Minnesota Statutes 216C.441 Subd. 12

01/31/2024

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In accordance with requirements set forth in Minnesota Statutes 216C.441 Subd. 12 this report is provided to the Governor, Chairs and Ranking Members of legislative committees with primary jurisdiction over energy policy.

Program Background:

Minnesota Statutes 216C.441 created Minnesota Climate Innovation Finance Authority (MnCIFA) during the 2023 legislative session. Subd. 12 of that statute requires MnCIFA to report on its activities during the previous year to you. There are eight (8) specific criteria that MnCIFA is required to report on and those will be outlined below. However, we have just started operations and there is not much to report on for the activities during 2023. The following are the primary activities that have occurred:

- September 25, 2023: \$45,000,000 deposited into a MnCIFA account – Held by Commerce
- November 15, 2023: Board of Directors sworn in - Chair and Vice-Chair selected
- January 3, 2024: Peter Klein began as Executive Director

The following is a list of informational points that need to be delivered to you, on an annual basis, by February 1st of each subsequent year:

- 1) The amount of authority capital invested by project type.
 - a. No funds were invested in projects during 2023.
- 2) The amount of private and public capital leveraged by authority investments, by project type.
 - a. No funds were invested in projects during 2023.
- 3) The number of qualified projects supported, by project type and location within Minnesota, including in environmental justice communities.
 - a. No projects were funded during 2023.
- 4) The estimated number of jobs created for local workers and nonlocal workers, the ratio of projects subject to and exempt from prevailing wage requirements under subdivision 6, paragraph (b), and tax revenue generated as a result of the authority's activities.
 - a. No jobs were created during 2023.
- 5) Estimated reductions in greenhouse gas emissions resulting from the authority's activities.
 - a. No reductions in emissions occurred during 2023.
- 6) The number of clean energy projects financed in low- and moderate-income households.
 - a. No projects were financed during 2023.
- 7) A narrative describing the progress made toward the authority's equity, social, and labor standard goals.
 - a. With the Board and Executive Director in place, MnCIFA will be developing its Strategic Plan and Investment Strategy as outlined in the statute. These need to be completed by December 15, 2024, but an earlier completion date is anticipated. A primary focus of these documents will be to ensure that the activities of MnCIFA benefit environmental justice communities.
- 8) A financial audit conducted by an independent party.
 - a. The first fiscal year-end for MnCIFA will occur on June 30, 2024. MnCIFA will engage with an independent party to conduct a financial audit for that year-end. That audit report will be provided to you, along with detailed answers to the previous seven data points for calendar year 2024, in January 2025. The MnCIFA account balance, held by the Department of Commerce,

was **\$45,601,248** on December 31, 2023. The legislature allocated \$45,000,000 to MnCIFA during the 2023 legislative session.

Although this report does not show a great deal of MnCIFA activity during 2023, the staff at the Department of Commerce worked hard to ensure that MnCIFA will be receiving a significant amount of funding from federal agencies. The Environmental Protection Agency (EPA) had been charged with deploying \$27 billion of funding through the Greenhouse Gas Reduction Fund (GGRF), authorized by the Inflation Reduction Act (IRA). Commerce is eligible to be a direct recipient of up to \$100 million via the Solar for All program, which is one part of the GGRF. Commerce staff have also successfully positioned MnCIFA to be a named sub awardee to an applicant for the National Clean Investment Fund. This would provide MnCIFA with a \$50 million award, in addition to access to a national lending pool that will support projects in Minnesota.

MnCIFA also supported three other coalitions that are seeking awards via the GGRF. If any of these coalitions is successful at securing EPA funds, MnCIFA will be well-positioned to support Minnesota projects with technical assistance and financial products that will be provided by the applicants. It is expected that the awards will be announced during the second quarter of 2024. Besides the funding potential from the EPA, Commerce staff also worked with the Department of Energy's Loan Program Office to have MnCIFA designated as a State Energy Finance Institution (SEFI). MnCIFA staff have been working closely with the Department of Energy to develop opportunities to greatly leverage MnCIFA's funds for financing large projects and programs. In January, the MnCIFA board approved a Request for Information that will seek to identify large projects in Minnesota that could be eligible for co-lending.