

New York State Energy Research and Development Authority Residential Solar Financing Revenue Bonds, Series 2018A

Green Bond Framework

Introduction:

The New York State Energy Research and Development Authority (“NYSERDA”) is a New York State public benefit corporation; its primary purposes include the development and implementation of new energy technologies consistent with economic, social and environmental objectives and the development and encouragement of energy conservation technologies.

NYSERDA Mission Statement: Advance innovative energy solutions in ways that improve New York's economy and environment.

NYSERDA Vision Statement: Serve as a catalyst – advancing energy innovation, technology, and investment; transforming New York's economy; and empowering people to choose clean and efficient energy as part of their everyday lives.

NYSERDA promotes energy efficiency and the use of renewable energy sources. These efforts are key to developing a less polluting and more reliable and affordable energy system for all New Yorkers. Collectively, NYSERDA's efforts aim to reduce greenhouse gas emissions, accelerate economic growth, and reduce customer energy bills.

NYSERDA works with stakeholders throughout New York including residents, business owners, developers, community leaders, local government officials, university researchers, utility representatives, investors, and entrepreneurs. NYSERDA partners with them to develop, invest, and foster the conditions that:

- Attract the private sector capital investment needed expand New York's clean energy economy
- Overcome barriers to using clean energy at a large-scale in New York
- Enable New York's communities and residents to benefit from energy efficiency and renewable energy

Framework Overview:

This Green Bond Framework (“Framework”) sets out how NYSERDA proposes to use the Series 2018A Bonds in a manner consistent with its purpose and provide the transparency and disclosures investors need to make investment decisions.

The Framework is established in accordance with Climate Bonds Standard and adheres to the Green Bond Principles issued by the International Capital Markets Association.

Use of Proceeds:

The Bonds are being issued to finance or refinance loans made by NYSERDA to fund the installation of solar electric systems for eligible applicants pursuant to the NYSERDA's Green Jobs—Green New York (“GJGNY Program”), program for one-to-four family residential structures.

Selection and Evaluation of Eligible Projects

Through NYSERDA's GJGNY Program, NYSERDA provides financing for residential energy efficiency improvement loans in New York for residential, small business and not-for-profit corporations. Beginning in April 2014, under the GJGNY Program, NYSERDA began a program (the "Residential Solar PV Loan Program") to provide solar loans to reduce the cost of solar electric (also referred to as photovoltaic, or PV) systems across New York State ("Solar Loans"). Pursuant to the Residential Solar PV Loan Program, Solar Loans are available for residential customers only for up to \$13,000, or up to \$25,000 with higher cost-effectiveness standards, with repayment periods of 5, 10, or 15 years. The GJGNY Program was initially funded by the State with \$112 million from the sale of Regional Greenhouse Gas Initiative ("RGGI") allowance proceeds, and additional amounts subsequently allocated by NYSERDA, of which about \$100.1 million has been allocated for a GJGNY Revolving Fund.

Loans are made as an unsecured consumer loan product ("Direct Bill Loans") or through an installment charge on the obligor's participating electric and gas utility bill ("On-Bill Loans"). The solar loans pledged as collateral for the Facility will be limited only to residential loans and not for any small businesses. The loans are underwritten based on a criteria set by NYSERDA and to meet the primary purposes of NYSERDA.

Management of Proceeds:

The intention is for the allocated portfolio of the pledged solar loans to be at least equal in value to the net proceeds of the NYERDA Bonds. Pledged solar loans will not be used as collateral in any other transactions and are assigned to the NYSERDA bonds. NYSERDA will maintain a set of internal procedures for the management of proceeds, as described in the Official Statement for the Bonds.

Reporting:

So long as the Series 2018A are outstanding, NYSERDA will annually report on the use of proceeds, the currently allocated and outstanding amounts, and provide management confirmation that the use of proceeds of the Series 2018A bonds is still in alignment with the Climate Bonds Standard Solar Criteria.

Assurance:

NYSERDA's Residential Solar Financing Revenue Bonds, Series 2018A Green Bond Framework will be verified by First Environment and certified by Climate Bonds Initiative for the Series 2018A bond issue.

NYSERDA will also get post issuance certification from the Climate Bonds Initiative to assure the use of proceeds allocation conforms to the Framework.