Financing Climate Resilience – What Are Our Options?

Janet Peace

Senior Vice President, Policy and Business Strategy
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C2ES and Corporate Resilience: Weathering the Next Storm

WEATHERING THE NEXT STORM

A Closer Look at Business Resilience

C2ES CENTER FOR CLIMATE AND ENERGY SOLUTIONS

Bank of America
Barriers to Investment in Climate Resilience

• Lack of awareness concerning climate change impacts and resilience infrastructure.

• Misaligned incentives: Inadequate pricing through insurance and local codes that promote building in vulnerable areas.

• Limited available resources: Resilience infrastructure may involve somewhat higher upfront costs and longer payback periods.

• Uncertain returns: Benefits are diffuse and realized far in the future.
• Funding source: $200 million through New Jersey's second CDBG-DR allocation

• Focus: Distributed Energy Resources at critical facilities, including storage.

• Support: Grants & forgivable loans (40%), low-interest loans (60%).

• Projects: St. Peter’s University Hospital in New Brunswick, NJ - CHP system.
Options: Resilience bonds

• Goal: Link catastrophe bonds with investments in resilience infrastructure to reduce losses from climate change impacts.

• Developers include: Swiss Re and RMS

• Market: Flood-prone cities and public utilities that need to build seawalls and flood barriers.

  ➢ Benefit: Reduce dependence on disaster aid.

Resilience bonds could modify traditional catastrophe bonds to provide insurance savings that can be captured as rebates.
Options: Green bonds

• Goal: Raise funds for new and existing eligible projects with environmental benefits.

• Green Bond Principles & Climate Bond Initiative

• Example: DC Water Authority green bond

• A Federal climate change bond? S. 2860