Financing Climate Resilience – What Are Our Options?

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Overview

- **C2ES**
  - Background
  - Weathering the Next Storm
- **Barriers to investment**
- **Finance options for resilience**

C2ES and Corporate Resilience: Weathering the Next Storm

A Closer Look at Business Resilience

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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.

Options: New Jersey Energy Resilience Bank

- 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

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