



“Unlocking Climate Solutions in Communities Across America with the Greenhouse Gas Reduction Fund”

Thank you, Senator Markey and the Senate Climate Change Task Force, for inviting me to testify today. My name is Cathie Mahon and I am the President and CEO of Inclusiv. Inclusiv is the national network of *community development* credit unions. With 470 members around the country, we advance financial inclusion and equity in communities historically excluded from the financial system. Inclusiv established our Center for Resiliency and Clean Energy in 2019. Since that time, we have supported CDFI credit unions and other community lenders to launch and scale lending programs to reduce greenhouse gas emissions, improve health outcomes in polluted communities, reduce energy cost burden on households and create jobs in a greening economy.

According to the Department of Energy the national average energy burden for low-income households is three times higher than for non-low-income households. African American households have an energy burden that is 43% higher than that of white households. For Native American households it is 45% higher and for Hispanic households, it is 20% higher.

As credit unions invest in climate solutions, they find strong synergies between increasing access to clean energy and improved financial stability. As community owned and controlled financial institutions, community development credit unions see both a responsibility and opportunity to make their communities greener and more resilient. These institutions serve those located on the frontlines of climate change, specifically communities with the poorest air quality, highest energy burden and most vulnerability to climate events such as hurricanes, floods, drought, wildfires, and tornadoes.

The Greenhouse Gas Reduction Fund is not simply a new source of capital or an opportunity to launch new loan products. We see the Fund as the opportunity to create more equitable environmental, energy and financial policy in this country.

It starts with financing an ecosystem to deliver energy efficiency and solar financing through community-based lenders to retrofit housing and commercial properties to be more efficient, offer distributed energy generation through rooftop solar, finance electric vehicle purchase and increasingly the installation of electric charging stations.

- Where lenders work to ensure that investment in the clean energy economy is delivered equitably,
- Where this network of community lenders connects to a growing marketplace of clean energy contractors, solar installers and community solar businesses by scaling lending platforms,

- Where lenders can access capital necessary to grow their lending through GGRF and forge collaborations with state and local agencies, and
- Where the private sector in the form of corporate treasuries, mainstream financial institutions, mutual funds, asset fund managers and other social impact investors expand investment in the form of social impact deposits, long-term loans, equity and equity-like investments.

Inclusiv member credit unions already lead this work in their communities and are ideally situated to tailor this capital to local needs.

A recent small sample of 30 credit unions reported a combined investment of almost \$1 billion in green projects since we launched the training, and hundreds more are originating green loans every day. Here are just 3 brief examples of ongoing work that could be scaled with GGRF:

NATIONAL

Clean Energy Credit Union is a low-income designated credit union with a national footprint that finances solar PV systems, electric vehicles, insulation, weatherproofing, air-source heat pumps, geothermal heat pumps, electric bicycles, and more. To date, Clean Energy CU has provided \$197 Million in clean energy loans for 8,500 households, **helping to offset nearly 700,000 tons of carbon dioxide equivalent.**

ARIZONA

Tucson Old Pueblo Credit Union has been serving Arizona since 1935. They provided \$25 million in solar loans in just the past year. They are one of the largest solar lenders in Tucson and a CDFI, demonstrating you can build a scalable business financing clean energy projects for LMI households.

They use their green loan program to help make utility bills more affordable for these households. For example, they recently helped a borrower qualify for a local incentive to reduce his solar installation costs. Before installing solar, he could only afford to run his air conditioner for 2-3 hours a day, which is very difficult in the summer months in Arizona, where temperatures can rise to over 100 degrees Fahrenheit. However, with solar installed, he can now afford to run his air conditioner whenever he needs it, vastly improving his comfort level and quality of life. Tucson Old Pueblo plans to use GGRF dollars to expand their financing for low- and moderate-income households by providing affordable small-dollar loans to purchase energy efficient appliances, battery replacement loans for used electric vehicles, and flexible, low-interest loans for solar installation.

WEST VIRGINIA

Element Federal Credit Union, a CDFI based in West Virginia that's addressing the crises of poverty, climate change, and high energy burden in the state. They completed our Solar Lending Training program and invested staff and resources into launching a new solar loan

product in their region. Element intends to deploy the GGRF's below market rate National Clean Investment Fund dollars to provide more flexible, low-cost financing for low-income households. As they help build the local solar market, they will also create greater opportunities for dependable, local small businesses and will empower West Virginians by stimulating economic growth and building a more sustainable future for their state.

I am grateful for the opportunity to share both the vision and the reality of what is happening on the ground. We have a strong and robust field of lenders awaiting the opportunity to deploy this capital and transform their local economies and communities to be greener, healthier and more resilient.