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JFI and Berggruen Institute Report: Public Bank Could Significantly Reduce Costs for Green Energy in Los Angeles

Paired with new federal incentives through the Inflation Reduction Act, a public bank could accelerate community and utility-scale renewable energy

Press Release

New York, NY and Los Angeles, CA — May 23, 2023 — JFI and the [Berggruen Institute](#) have released their fifth publication on [public banking in Los Angeles](#), focused on lending for a green energy transition. The [new briefing](#) explores how a municipally-owned financial institution could build on new federal programs to substantially reduce costs for the Los Angeles Department of Water and Power, helping the city meet its net-zero goals by 2045 while keeping taxpayers in control of their energy destiny.

The [briefing](#) provides a detailed overview of recent developments in utility-scale renewables finance. Noting the substantial increase in green deployment incentives for publicly-owned utilities like LADWP under 2022's Inflation Reduction Act, the briefing describes how local financial institutions like a public bank in LA could fill important gaps remaining in the financial system to get large-scale renewable energy developments over the line. The briefing makes the case that savings accrued from low-cost, well-targeted loans could help LADWP realize substantial savings, while ensuring that profits from renewable energy accrue to taxpayers instead of private capital.

To gauge the potential financial impact of such programs, the briefing's authors modeled likely "levelized cost of energy" or LCOE projections for utility-scale green deployments, or the net present value of the cost of energy over the lifetime of the new generation project. Per this analysis, the following are reductions in LCOE for renewable deployment relative to current policy, likely amounting to tens of thousands of dollars worth of savings over the lifetime of each project:

- Community solar: \$1.63/MWh
- Utility-scale solar with storage: \$1.08/MWh

- Onshore wind: \$0.92/MWh
- Offshore wind: \$2.30/MWh

This [joint series](#) from JFI and the Berggruen Institute charts practical pathways toward public banking in Los Angeles, with four reports released since April 2023 focused on various lending areas. The series will culminate later this week with the release of a balance sheet simulator that enables the wider public to interactively allocate resources among the proposed lending programs and test cost and profit assumptions across the bank's hypothetical balance sheet. This tool will democratize a view of both the financial possibilities and constraints of a public bank in Los Angeles.

"Local public banks can be essential partners in the new green technology funding context of 2023," said Yakov Feygin, Associate Director at the Berggruen Institute and co-author of the briefing. "The IRA gives LA a fighting chance at meeting its net-zero goals, and a public bank is one of the best tools to make sure it gets to the finish line."

"Few tasks are more pressing for Los Angeles, or for the world, than accelerating the transition to a green, reliable energy grid. A municipal public bank can help drive this critical transformation, while simultaneously saving LA residents money on their electricity bill," said Paul Katz, VP in JFI's Social Wealth initiative and co-coordinator of the joint series.

About the Jain Family Institute:

JFI is a 501(c)(3) nonprofit applied research organization founded in 2014 by Bob Jain. Our mission is to address pressing social problems by identifying and building high-impact interventions that translate to real world progress. A platform for research and social entrepreneurship, JFI brings global policy from theory to practice.

About the Berggruen Institute:

The Berggruen Institute's mission is to develop foundational ideas and shape political, economic, and social institutions for the 21st century. Providing critical analysis using an outwardly expansive and purposeful network, we bring together some of the best minds and most authoritative voices from across cultural and political boundaries to explore fundamental questions of our time. Our objective is enduring impact on the progress and direction of societies around the world. To date, projects inaugurated at the Berggruen Institute have helped develop a youth jobs plan for Europe, fostered a more open and constructive dialogue between Chinese leadership and the West, strengthened the ballot initiative process in California, and launched Noema, a new publication that brings thought leaders from around the world together to share ideas. In addition, the Berggruen Prize, a \$1 million award, is conferred annually by an independent jury to a thinker whose ideas are shaping human self-understanding to advance humankind.

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