



Date: February 24, 2026

To: House Energy Finance and Policy Committee

From: Minnesota Climate Innovation Finance Authority Board Chair and Vice Chair

The following letter is being submitted as testimony on behalf of MnCIFA's Board Chair Bali Kumar and Board Vice Chair Tessa Haagenson. The letter was initially published as part of the MnCIFA 2025 Annual Report submitted to the Minnesota Legislature on Feb. 18, 2026 [lrl.mn.gov/docs/2026/mandated/260354.pdf]

Dear Legislators,

The year 2025 was one of major transitions for the Minnesota Climate Innovation Finance Authority. We have been in a design-build mode to develop a financially strong structure as we fill a critical gap in financing energy projects in our state. Among our actions in 2025:

Financing Innovative projects in Minnesota:

MnCIFA is acting to fulfill our statutory purpose and mission. Our lending is repeatedly proving that we are filling the gap in financing for small commercial projects in clean energy that, but for MnCIFA, would not move forward. These projects are saving energy, saving money and delivering reliable, renewable energy for nonprofits, small businesses and local governments. As our statute requires, MnCIFA has been consistently investing in communities that have historically faced challenges in accessing capital, that are least able to afford clean energy, and that are most likely to suffer the impacts of Minnesota's changing climate. We are growing Minnesota's clean energy economy and building for the future.

Attracting public and private capital:

One purpose MnCIFA was created for was to attract federal funding into Minnesota. We've achieved that, drawing in millions of federal dollars by using bridge loans to cover upfront costs on construction of projects until the entities qualified for federal Investment Tax Credits.

- In July 2025, the passage of H.R. 1 into federal law significantly shortened the timeline for wind and solar projects to qualify for investment tax credits (ITCs). MnCIFA responded by providing bridge loans to ITC-eligible projects that lacked the upfront capital to move forward quickly.
- There remain opportunities for MnCIFA bridge loans for geothermal and energy storage projects, which still qualify for federal ITCs.

MnCIFA is working to expand the capital we have available for loans by expanding financing tools MnCIFA can use and by pursuing private sector and philanthropic investments. Bringing in private capital and fully leveraging clean energy investments by state and local governments, nonprofits and private entities, is a priority for MnCIFA.

Operations and staffing:

- MnCIFA has established a diversified portfolio, with a range of projects, from solar, energy storage and geothermal, to energy efficiency and innovative clean energy technology.
- With the transition in November 2024 from a temporary to permanent executive director, we have moved forward with hiring 10 staff. They have strengthened MnCIFA operations, as well as community engagement to maximize impact with our lending.
- We are making continuous improvements to our loan portfolio management to ensure the integrity of our loans, with due diligence that follows banking standards, audited financials and anti-fraud practices.
- Board of Director governance and processes for oversight of MnCIFA operations have also been strengthened. Our board members continue to lend their considerable expertise in financing, clean energy and more, to benefit MnCIFA.

MnCIFA is moving forward with momentum. Already in 2026, we have begun the work to update MnCIFA's strategic plan. We are engaging with communities across Minnesota, seeking strategic investments, and making critical contributions for Minnesota to transition to a clean energy future.

Sincerely, Kari Groth Swan, Executive Director

Bali Kumar, Board Chair

Tessa Haagenson, Board Vice Chair

FACT SHEET



The Minnesota Climate Innovation Finance Authority supports our state’s clean energy economy by expanding financing options for clean energy projects. The purpose of MnCIFA is to accelerate deployment of clean energy projects through innovative green financing.

We make strategic use of public funds through innovative financing mechanisms in order to leverage existing public and private sources of capital. Our flexible financing serves to reduce upfront and total costs of clean energy projects, especially in low-income communities, ensuring that all Minnesotans share the benefits of clean and renewable energy.

CLIMATE

Tackling challenges of our changing climate by:

- Building our state’s clean energy economy
- Helping communities prepare for more extreme weather
- Transitioning Minnesota to a future where energy is more affordable and reliable, safer and cleaner

INNOVATION

Innovative financing that:

- Fills the gaps in financing for clean energy projects
- Leverages private, public and nonprofit investments
- Emphasizes capital for underserved markets and communities most challenged by our changing climate
- Overcomes barriers to finance projects, offers innovative financing and flexible interest rates

FINANCE AUTHORITY

Lending for projects that qualify under statute and financial requirements:

- Loans (not grants) with financial ability to repay
- Minimum \$250,000 loan, with option for intermediaries
- Site jobs paid prevailing wage
- Demonstrated benefits for the community

Loans approved by the MnCIFA Board of Directors encompass a range of projects, including:

- Energy systems: Geothermal energy district, geothermal system, geothermal integrated with solar
- Energy efficiency: Net-zero new construction; high-efficiency HVAC plus windows and roofing
- Revolving loans and multi-project portfolio loans for energy efficiency and solar projects
- Innovative energy technology: patented technology for carbon reduction and carbon sequestration

Learn more: MnCIFA.mn.gov/Projects

More about MnCIFA
MnCIFA.mn.gov

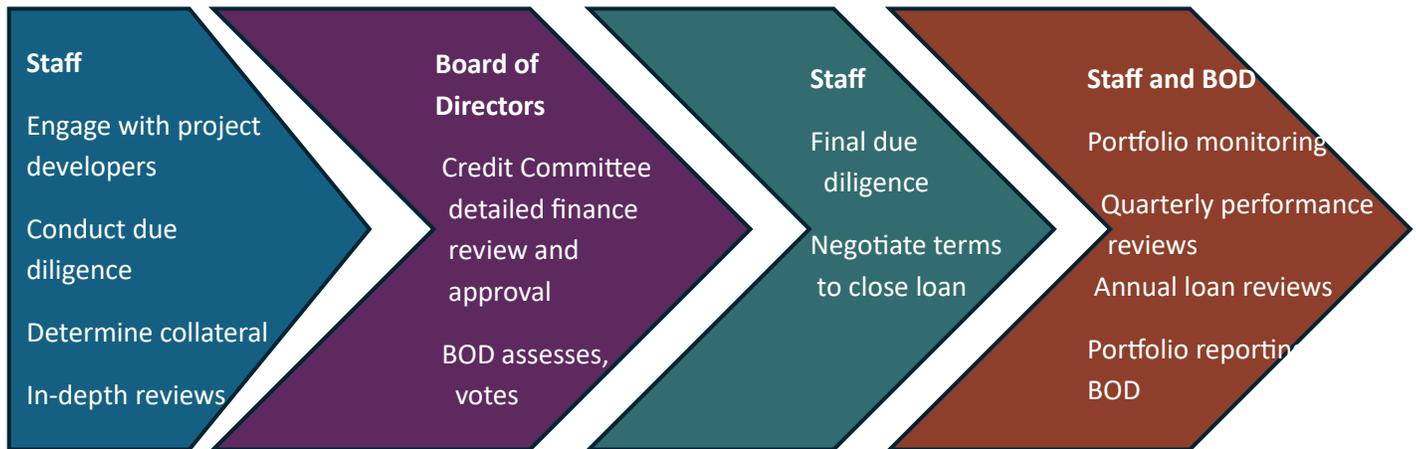
CONTACT MnCIFA

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Financing innovative projects in Minnesota:

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Lending process and loan monitoring:



Federal Investment Tax Credits are still available.

- Projects started in 2026 would need to meet new Foreign Entity of Concern requirements in order to qualify for ITCs.
- Solar and wind projects started after HR1 enactment (July 4, 2025), but prior to July 4, 2026 (one year after HR1), must be placed into service before the end of 2027 in order to qualify for ITCs.
- Geothermal (ground-source) and energy storage continue to be eligible for federal Investment Tax Credits.

Help MnCIFA evolve

MnCIFA welcomes and values your ideas and creative solutions for MnCIFA to adapt to changes in clean energy financing. Contact us to share your ideas. Participate in roundtable discussions at MnCIFA’s quarterly public meetings.

We’re here to serve Minnesota. We look forward to serving more Minnesotans to grow our clean energy economy.

MnCIFA.mn.gov

Solar for Nonprofits

10 community nonprofits in one loan

MnCIFA
financing:
\$1.84
million

Lake Street Solar portfolio loan in partnership with Minnesota Interfaith Power & Light and Apadana Energy

Purpose:

Portfolio loan fund, with 8-year term, to install solar energy at 10 sites in Twin Cities area – all community nonprofits such as places of worship and community centers

Solar for Nonprofits

Total of 579.18 kWh DC rooftop solar at community nonprofits serving low-income communities. The 10 sites in the portfolio:

- Celtic Junction Arts Center – St. Paul
- Clark Grace UCC – South St. Paul
- First Baptist Church – St. Paul
- Mount Olivet Lutheran Church - Plymouth
- New Creation Baptist Church – Mpls
- Redeemer Lutheran Church – Mpls
- San Pablo Iglesia/ St. Paul's Church – Mpls
- Spirit of Hope UMC – Golden Valley
- 180 Degrees Center – two St. Paul sites

The sites qualify for federal investment tax credits, used for loan repayment.



Gathering on the rooftop of Celtic Junction Arts Center in St. Paul in September 2025 of leaders from Celtic Junction, MnCIFA, Lake Street Solar and Apadana Energy.

Celtic Junction's solar array is anticipated to generate enough energy to meet most of the Arts Center's electricity needs. **Energy savings at each site will provide the nonprofit with more resources to serve their communities.**

MnCIFA
financing:
\$3.62 million

Sandstone School Workforce Housing

\$3.62M with 2-year and 7-year terms

Developer: Jillpine, New History/New Rock Inc.

Purpose:

High-efficiency energy system added to century-old historic building being renovated to workforce housing, with significantly lower energy costs and more comfortable living space for residents.

High-tech energy for century-old building

Historic building called “The Rock” was constructed from 1901 to 1910 with locally quarried rock and served as Sandstone High School until 2004. Over subsequent two decades, the building fell into disrepair.

- Renovation to create 32 apartments and serve as affordable workforce housing, helping address critical shortages of rental housing in the area.
- Energy system includes high-efficiency boiler, water-based heat pumps, high-tech radiators and temp controls, roof insulation and new windows.
- Federal and state historic preservation tax credits that the project is set to qualified for would repay majority of MnCIFA’s loan (\$2.77 million) within 2 years; remaining \$850,000 to be repaid within 7 years.

Energy savings: Over \$41,000 annually, with 65% lower electric use and 41% lower natural gas use.



About New Rock, LLC

- Nonprofit established to transfer ownership of the building from City of Sandstone to nonprofit for ongoing operations.
- Project developer: JillPine, led by CEO Meghan Elliott.
- Total cost for renovation: \$14.5 million.
- Additional project funders: MinnWest Bank (loan); federal and state agencies (MHFA, Commerce, Office of Historic Preservation), MN Power utility rebates, Essentia Health Foundation, Initiative Foundation, others.

MnCIFA
financing:
\$500,000

Carba, Inc.

\$500k loan with 5-year term

Purpose:

To reduce landfill emissions, this loan financed the first pyrolysis reactor that converts woody biomass from a compost facility in Burnsville into biocarbon (charcoal), which is then used as landfill cover, then buried to ensure long-term carbon sequestration.

Reducing landfill emissions

Carba is an early-stage startup using innovative, autothermal design in its pyrolysis reactor:

- Unique reactor design is portable, scalable and far more energy efficient than alternatives.
- Total cost for first reactor: \$2.49 million.
- MnCIFA's \$500k loan is serving as a catalyst to draw in additional private investors and loans.

Other project partners:

- Waste Management of Minnesota: Providing woody biomass from Burnsville compost site.
- Burnsville Sanitary Landfill: Using Carba's biocarbon for daily landfill cover, which is subsequently buried.
- Microsoft: Carba signed a 5-year agreement with Microsoft for 44,000 tons of carbon off-take.



About Carba

- Cofounders: University of Minnesota Chemical Engineering and Material Science Professor Paul Dauenhauer, PhD, and his former student, Andrew J. Jones, PhD, UC-Berkeley
- Dr. Jones is Carba's CEO, Dr. Dauenhauer is Carba's senior advisor
- Additional project funding: \$7M DOE grant, \$1.9M Program-Related Investment (PRI) by Schmidt Family and other foundations
- Shakopee Mdewakanton Sioux Community has a \$500K Simple Agreement for Future Equity (SAFE) agreement with Carba to plan a project with their Tribal community
- In December 2025, Carba announced it closed on \$6M Seed Round led by Rusheen Capital Management, demonstrating the value of MnCIFA's financing to help draw in additional investors.

