

# Workshop for Energy Efficiency Contractors

## *How **CPACE** Financing Can Grow Your Business*

*Spring 2017*

A Program of:



Administered by:



# What is C-PACE?

## New way to finance energy efficiency & renewables in C&I buildings:

- 100% financing (no out-of-pocket expense)
- Long term (up to 25 years)
- Lower energy costs
- Cash flow positive projects
- Combine with utility & tax incentives
- No personal guarantees
- Payment obligation automatic transfer upon sale (akin to sewer assessment)



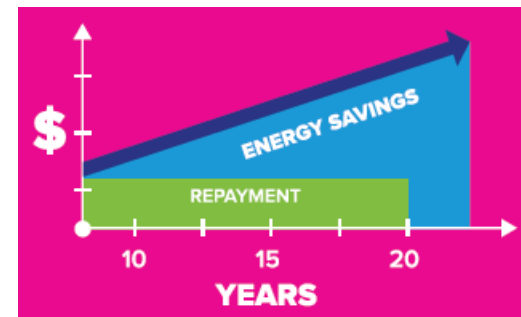
# What is C-PACE? (Cont.)

- **C-PACE is designed as an “open source funding model”**
  - No state / public funds are used to finance projects
  - Pre-qualified private Capital Providers fund eligible projects
- **Owner may choose a preferred capital provider, OR**
- **Program Administrator can review pre-approved projects with pre-qualified capital providers to determine funding interest**
- **C-PACE requires owners to receive written consent of their mortgage holder** (C-PACE lien is a priority lien akin to sewer assessment)

# How C-PACE Works?

**C-PACE is a voluntary tax assessment-based, private financing program**

- Owners chose to install eligible EE and/or RE improvements
- Costs are spread over periods up to 25 years
- Repayment via a new charge (“Assessment”) on the owner’s property tax bill
- Annual energy savings \$\$ > the annual payment; Creating cash flow positive projects
- The repayment obligation automatically transfers to the new owner upon sale



# What's Eligible?

## ■ Eligible Property Types (C&I)

- Office
- Retail
- Hotel
- Industrial
- Healthcare
- Non-profit
- Multifamily (5+ units)

## ■ Eligible Improvements (examples)

- Automated building controls
- Boilers, chillers & furnaces
- Building envelope (insulation, windows)
- Combined heat & power (CHP)
- High efficiency lighting
- Hot water heating systems
- HVAC upgrades & controls
- Solar PV systems
- Pumps, motors, drives

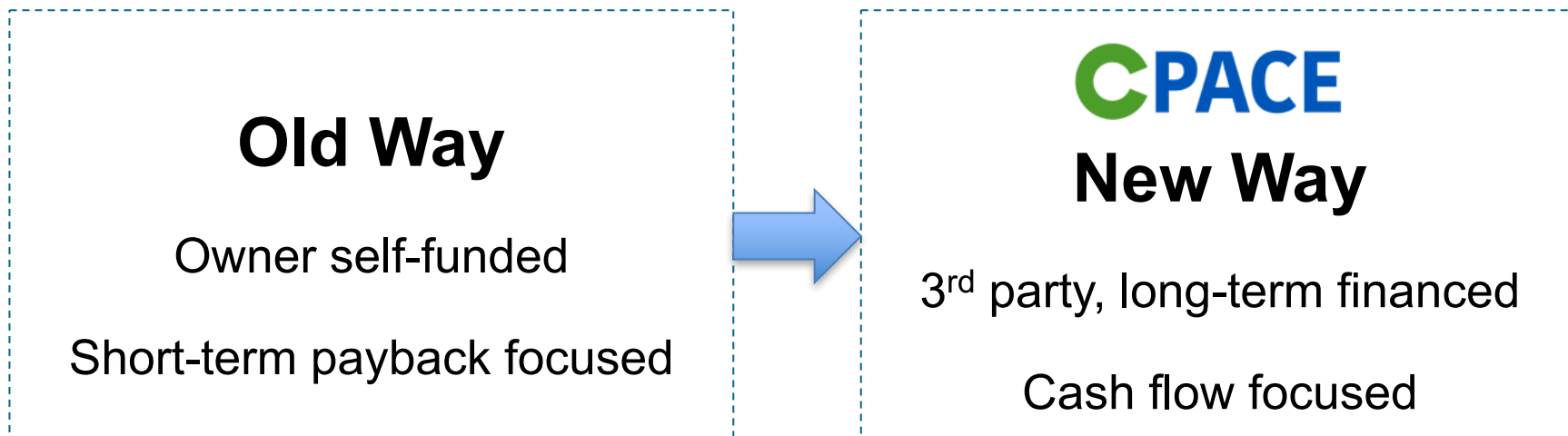
# What Else is Eligible?

## ■ Related expenses:

- Engineering studies
- Energy audits
- Renewable Energy Feasibility Studies
- Extended warranties of equipment to cover full financing term
- Roof upgrades (if associated with roof-top solar systems or roof-top HVAC units)
- Building structural reinforcement (to support roof-top installations)
- Environmental clean-up (e.g. asbestos removal for new boiler installation)
- Cx costs
- Maintenance contracts (up to 5 years)
- Program Administration cost (2.5% of project finance amount)



# Paradigm Shift in Approach to EE / RE Projects



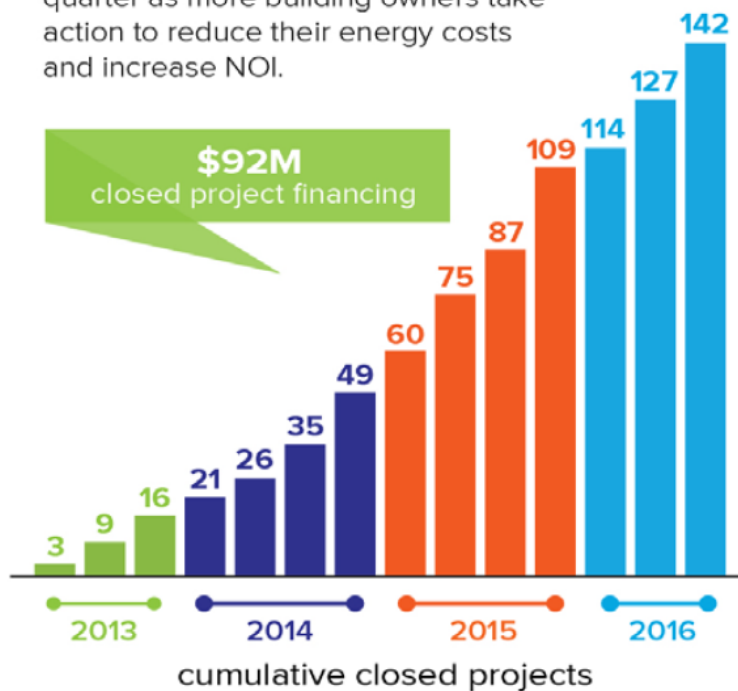
...providing a ***“too good to be true”*** opportunity for the owner

- Where **“well-designed”** projects typically:
  - Require **NO** owner out-of-pocket expense
  - Generate **IMMEDIATE** positive cash flow

# C-PACE Successes & Scalability

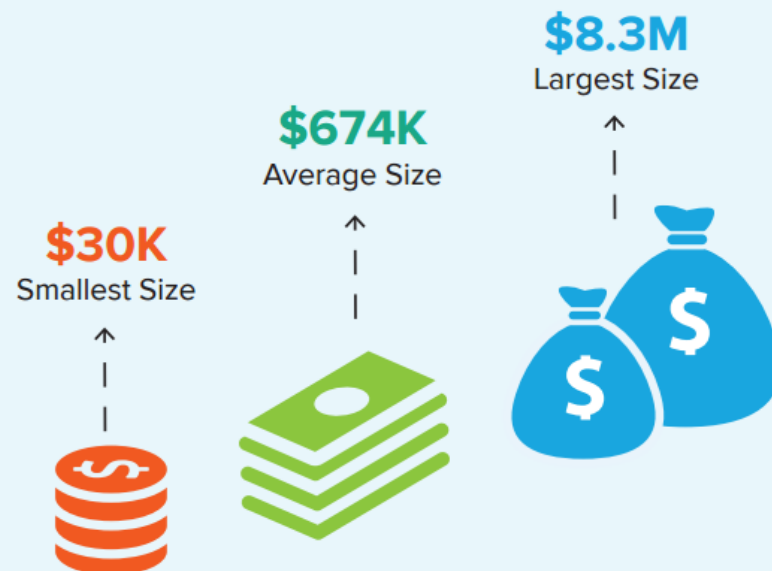
## Closed Projects

Funded projects are increasing every quarter as more building owners take action to reduce their energy costs and increase NOI.



## All Sizes of Projects

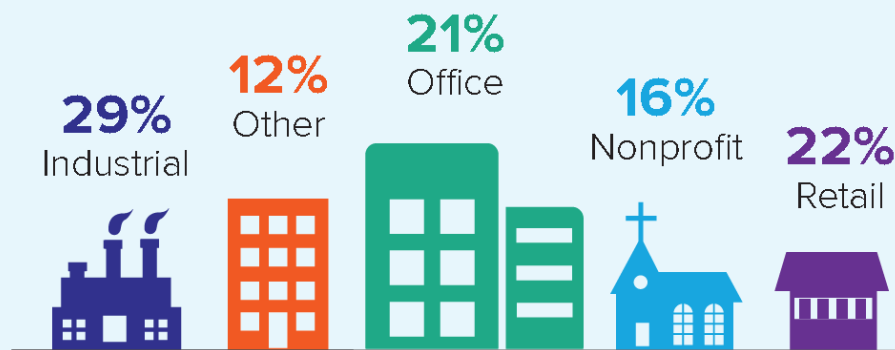
C-PACE can bring virtually any green energy project, small or large, from a vision to a reality.



# Typical C-PACE Customers & Solutions

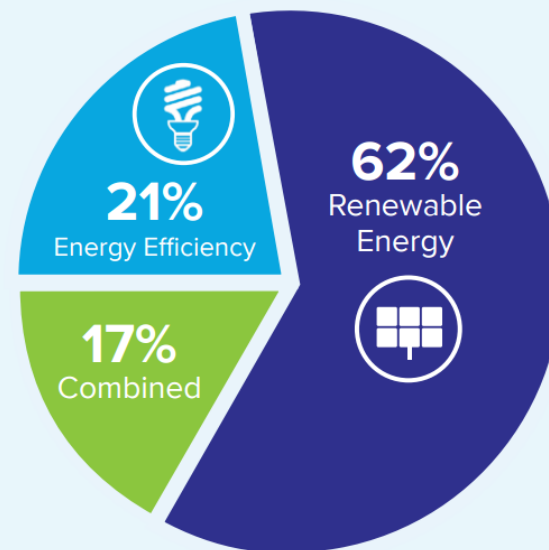
## All Shapes of Properties

From manufacturing facilities to YMCAs all commercial properties are eligible to use C-PACE for an energy saving project.



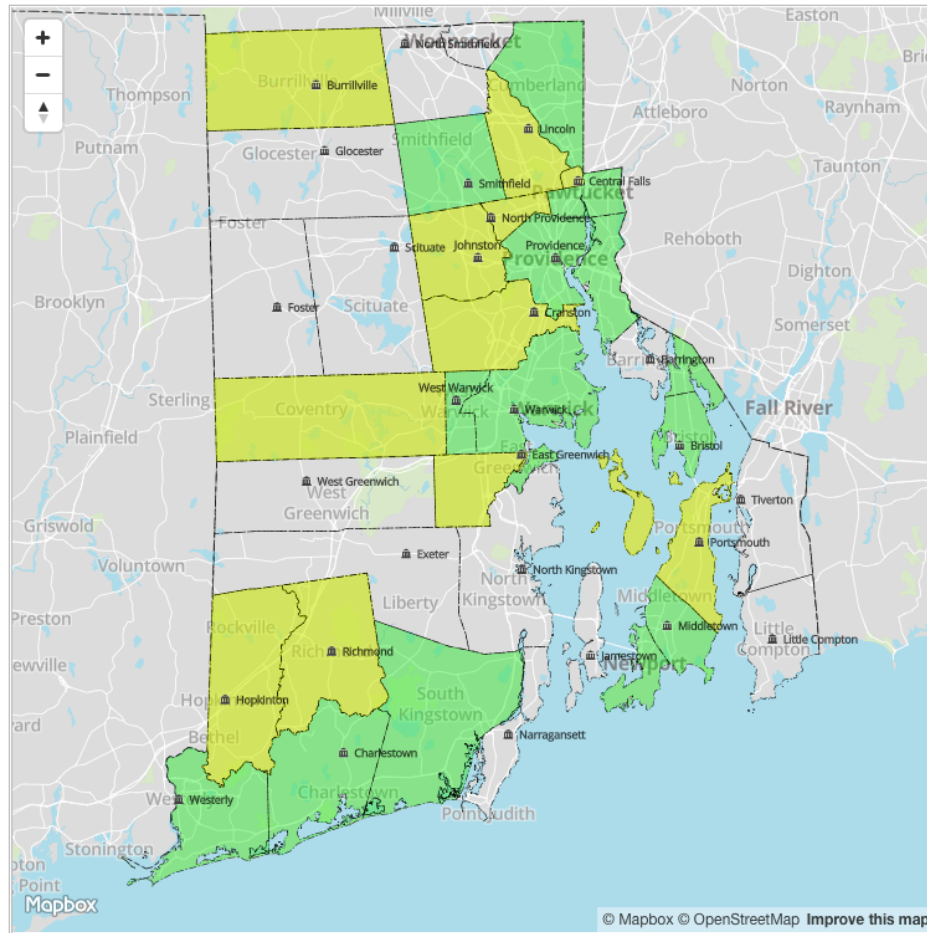
## All Types of Green Energy

From simple boiler replacements to solar C-PACE works for any upgrade that reduces energy costs.



# Participating Municipalities

- 14 municipalities have opted-in;\* many others in-discussion  
\*(as of 03/27/17)



# C-PACE for New Construction

<b>% Performance &gt; Code</b>	<b>15</b>	<b>20</b>	<b>25</b>	<b>30</b>
<b>% C-PACE financing</b>	<b>12.5</b>	<b>15</b>	<b>17.5</b>	<b>20</b>

- 12.5% – 20% of Total Eligible\* Construction Cost in the form of a PACE loan (\*80-90% of total project costs are typically “eligible”)
- PACE financing can be used as replacement for customer \$ contribution or customer equity or mezzanine/short-term/stabilization financing
- Reduces customer’s out-of-pocket project development expense with no corresponding effect on working capital or customer’s credit
- Provides significant leverage of project’s EE/RE savings \$ by covering much more than incremental cost of measures that result in improved performance
- Reduces customer’s long-term operational costs, and incentivizes customer to build most energy efficient building practicable

# Next Steps

- 1. Submit Contractor Registration Application** (on [ri-cpace.com](http://ri-cpace.com))
- 2. Tap Field Support:**
  - **Schedule meeting at your office with Project Accelerator Services team to commence your project pre-qualification & development initiatives:**
  - **Contacts:**

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**We're here to help you leverage the Power of PACE !**