C-PACE: A financing tool for building owners
Agenda

- Who is CEFIA?
- What is C-PACE?
- The C-PACE Advantage
- CEFIA’s Role in Designing C-PACE
- The C-PACE Process
Energy Challenge in Connecticut

**High Cost**
CT has **THE** highest cost for electricity in the "lower 48"

**Old, Energy Inefficient Building Stock**
CT has some of the oldest and most energy inefficient building stock

**Need for "Cleaner / Cheaper" Energy Sources**
Programs that will diversify our energy mix into renewable/clean power

**"More Reliable" Grid**
5 major storms in 2 years with widespread outages
Help ensure Connecticut’s energy security and community prosperity by realizing its environmental and economic opportunities through clean energy finance and investments.

Support the Governor’s and legislature’s energy strategy to achieve cleaner, cheaper and more reliable sources of energy while creating jobs and supporting local economic development.
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Property Assessed Clean Energy

- An innovative financing structure that enables commercial, industrial, and multi-family property owners to access financing for qualified energy upgrades and repay through a benefit assessment on their property tax.

CEFIA provides 100% upfront, low-cost, long-term funding

Owner repays through property taxes

A senior PACE lien is put on the property and stays regardless of ownership
CRE owners face barriers to upgrades

- Lack of Capital: 38%
- Insufficient payback/ROI: 21%
- Uncertain Savings (ROI): 16%
- Technical Expertise: 6%
- Srn Mgmt Buy-in: 5%
- Split Incentives: 5%
- Inability to Finance: 3%
- Other: 7%
C-PACE Addresses Key Barriers

<table>
<thead>
<tr>
<th>Lack of funding?</th>
<th>100% upfront, 20 year financing</th>
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<tbody>
<tr>
<td>Near term plan to sell?</td>
<td>Tax obligation fixed to property</td>
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<tr>
<td>Insufficient payback/ROI?</td>
<td>Positive cash flow in year 1</td>
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<tr>
<td>Split incentives?</td>
<td>Assessment/savings pass to tenants</td>
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<tr>
<td>Uncertain savings/technical expertise?</td>
<td>Technical underwriting / SIR&gt;1</td>
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Connecticut Special Session
Public Act 12-2 (June 2012)

- Commercial, industrial & multi-family property
- Requires the consent of the existing mortgage lender
- Requires SIR>1; permanently affixed
- Enables municipalities to opt-in
- Enables CEFIA to administer a statewide program
C-PACE Advantage to other stakeholders

<table>
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<tr>
<th>Capital Providers</th>
<th>Mortgage Lenders</th>
<th>Municipalities</th>
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| • Low risk investment opportunity  
  • Senior lien  
  • Secure repayment mechanism (taxes) | • Improves Building Financials/Risk  
  • Lowers OPEX  
  • SIR>1  
  • No acceleration | • Creates economic development & jobs  
  • Reduces energy costs for businesses  
  • Reduces pollution |
| • Legal and technical structure administered by CEFIA | • Creates a more attractive building for occupants and owners  
  • Finances deferred maintenance needs | |
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CEFIA’s Role in C-PACE

**Design Program**
- Publish Guidelines November 2012
- Onboard Municipalities
- Website launched (www.c-pace.com)

**Administer Program**
- Technical Underwriting
- Marketing & Outreach
- Work with Existing Mortgage Lenders

**Attract Private Capital**
- Qualify Capital Providers
- Offer Credit Enhancement tools (as needed)
- Provide capital through CEFIA warehouse (as needed)
### Municipalities Opted into C-PACE

- Ansonia
- **Avon**
- Beacon Falls
- Berlin
- Bethel
- Bloomfield
- **Branford**
- Bridgeport
- Brookfield
- Canaan
- **Canton**
- Chester
- Clinton
- Coventry
- Cromwell
- Danbury
- Darien
- Durham
- East Granby
- **East Haddam**
- East Hampton
- East Hartford
- **East Windsor**
- Enfield
- Fairfield
- Farmington
- Glastonbury
- Granby
- Greenwich
- Groton
- Hamden
- Hartford
- Killingworth
- Manchester
- Mansfield
- Meriden
- **Middletown**
- Milford
- Montville
- New Britain
- New Haven
- New London
- New Milford
- Newtown
- North Branford
- North Canaan
- Norfolk
- Norwalk
- Norwich
- Old Saybrook
- Plainville
- Portland
- Putnam
- Rocky Hill
- Seymour
- Sharon
- Simsbury
- Southbury
- Southington
- Sprague
- Stafford
- Stamford
- Stonington
- Stratford
- Suffield
- Tolland
- Torrington
- Trumbull
- Vernon
- Waterbury
- Waterford
- Watertown
- West Hartford
- West Haven
- Westport
- Westport
- Wethersfield
- Wilton
- Windham
- **Windsor**
- Windsor Locks
Municipalities Opted into C-PACE

83% C&I Market
How Municipalities Opt into C-PACE

A written agreement, as approved by the municipality’s legislative body, pursuant to which the municipality has agreed to assess, collect, remit and assign, benefit assessments to the Authority in return for energy improvements for benefited property owners within the municipality and for costs reasonably incurred by the municipality in performing such duties.
How Municipalities Opt into C-PACE

Role of Municipalities:
- Placement of Benefit Assessment Lien on Land Records
- Levy of Benefit Assessment
- Continuation, Recording and Release of Lien
- Assignment of Benefit Assessment Lien
- Billing and Collection; Payment to CEFIA

Role of CEFIA:
- Design program & financing requirements
- Determine the estimated benefit assessment and provide written notice of the estimated benefit assessment to the Municipality
- Compensate municipality for costs incurred
What upgrades are eligible?

Anything that saves energy from baseline

- High efficiency lighting
- HVAC upgrades
- New automated building and HVAC controls
- Variable speed drives (VSDs) on motors fans and pumps
- High efficiency chillers, boilers, and furnaces
- High efficiency hot water heating systems

...as long as it isn’t going anywhere

- Combustion and burner upgrades
- Fuel switching
- Water conservation
- Heat recovery and steam traps
- Building enclosure/envelope improvements
- BMS
- Renewable energy systems
What buildings are eligible?

- LTV must not exceed 80%
- Positive operating profit and net income in each of last 2 years
- Positive cash from operations in each of last 2 fiscal years
- Debt service of at least 1.25x for last fiscal year
- Current ratio of at least 1.00:1.25
- Total Liabilities/ Tangible Net Worth not in excess of 2.00:1.00
- Interim statements disclose no material adverse changes
- CEFIA exposure must not exceed 35% of property’s value
The C-PACE Process

1. Building owner engages contractor to develop scope of work; works with utilities (CEEF) to incorporate incentives

2. Owner applies to C-PACE program at www.cpace.com

3. Third party review of technical and financial details
The C-PACE Process

- 4. C-PACE alerts municipality; lien is placed on property
- 5. CEFIA offers 100% upfront financing to owner
- 6. Project commences
The C-PACE Process

7. Owner remits payment to municipality as benefit assessment charge

8. Municipality remits PACE assessment to CEFIA

9. CEFIA “sells down” transaction to capital provider to replenish funds
Case Study: Solar and Lighting Upgrade
Norwalk Shopping Center

Project
- $550,000 exterior LED lighting upgrade and solar parking canopy.

Financing
- $185,000 of lighting upgrade financed through 13 year C-PACE assessment. CEFIA providing construction financing.
- $365,000 solar parking canopy received a ZREC
- Savings of $55,000 plus 30% ITC

Impact
- 741k kBTUs saved
- Produces 5.8M kWh in clean energy
Case Study: Energy Efficiency Upgrade
855 Main Street Bridgeport

Project
- $1,990,000 energy efficiency measures, ranging from the installation of variable frequency drives to chiller replacements to new energy efficient windows to new cooling towers.

Financing
- Save owners $241k per year versus $166k in annual C-PACE assessment. Net savings of $80k.

Impact
- 133M kBTUs saved over life of project
Case Study: Energy Efficiency Upgrade in Simsbury

Project

- $675,000 energy efficiency upgrade, including
  - Installation of Air Leakage Improvements
  - High Efficiency lights
  - Occupancy Sensors and Upgraded Energy Management System
  - New Rooftop Units

Financing

- Annual savings $61,000

Impact

- 18M kBTU saved
C-PACE for Boiler Upgrades and Fuel Conversions

- Deferred maintenance
  - Boilers often past their useful life
  - Replacement cost is high and repayment periods are long
  - Lack of code compliance renders upgrades ineligible for state incentives

- Fuel switching
  - Natural gas lines are expanding in the state of Connecticut
  - Cost of fuel oil is high; severe winter in 2014
  - Current natural gas boiler are efficient; cost of natural gas is low
The C-PACE Boiler Lite Application

**STEP 2: PROJECT DETAILS**

The following fields help C-PACE administrators learn more about your proposed boiler lite project.

**Existing Boiler:**
- **Boiler type:**
  - [ ] Electric
  - [ ] Oil
  - [ ] Gas
- **Fuel Use:** 
  - [ ] (S/gallon or S/CCF)
- **Efficiency:**
  - [ ] Combustion
  - [ ] Thermal
  - [ ] Fuel-to-Water or Fuel-to-Steam

Please attach fuel cost and consumption invoices (S and CCF or gallons) over the last three years (if available) or back to the last major renovation to the building. Minimum previous 14 months required.

**Proposed Boiler:**
- **Boiler type:**
- **Manufacturer:**
- **Model number:**
- **Maximum input capacity:** Btu/hr
- **Maximum output capacity:** Btu/hr
- **Boiler fuel:**
  - [ ] Electric
  - [ ] Oil
  - [ ] Gas
- **Fuel Use (if available):**

**STEP 3: BUILDING FINANCIALS**

C-PACE is a benefit assessment financing structure; therefore CEFIA requires information about debt and taxes on the building seeking financing.

**Building Details:**
- **Building Owner:**
- **Building Owner Corporate Identity (if different):**
- **Building Owner Contact:**
- **Email:**
- **Phone:**

**Building Financials:**

1. **Amount of property taxes and other municipal assessments (ex. sewer assessments):**
   - Property in the most recent year:
   - Are payments current?
   - Are all other municipal assessment payments current?

   - [ ] Y
   - [ ] N

Do you have clear title to the property with no encumbrances?

Are there any outstanding tax liens or notices of default?

2. **What is the most recent market value appraisal?**
   - When was the appraisal conducted?
   - Who was the appraisal done for?

3. **Is there a current mortgage on the property?**
   - If yes, note the mortgage holder:
   - What are the major repayment terms?
   - Principal outstanding:
Case Study: Bushnell Theater

Location: 166 Capitol Avenue, Hartford, CT
Building Type: Entertainment / Culture
Building Size: 95,000 Square Feet
Total Project Cost: $650,000
Incentives: $16,000 CL&P incentive;
$250,000 CEBs grant
C-PACE Financing: $384,000
Term: 20 Years
Annual Interest Rate: 5%
Annual C-PACE Assessment: $30,596
Annual Energy Cost Savings: $59,071
Lifetime Energy Cost Savings: $1,181,420
Annual Energy Savings: 703,248 kBTU
Case Study: Danbury YMCA

**Location:** 12 Boughton Street, Danbury CT

**Building Type:** Recreation

**Building Size:** 19,640 Square Feet

**Total Project Cost:** $100,738

**Incentives:** $12,800 CL&P incentive

**C-PACE Financing:** $87,938

**Term:** 20 Years

**Annual Interest Rate:** 5.5%

**Annual C-PACE Assessment:** $7,277

**Annual Energy Cost Savings:** $9,261

**Lifetime Energy Cost Savings:** $184,681

**Annual Energy Savings:** 921,758 kBTU
Case Study: Calvary Temple

Location: 319 Barnum Avenue, Bridgeport CT
Building Type: House of Worship
Building Size: 10,600 Square Feet
Total Project Cost: $53,087
Incentives: $3,460 UI incentive (*boiler only)
C-PACE Financing: $49,627
Term: 10 Years
Annual Interest Rate: 5%
Annual C-PACE Assessment: $6,506
Annual Energy Cost Savings: $13,678
Lifetime Energy Cost Savings: $136,776
Annual Energy Savings: 241 MMBtu
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