



CLEAN ENERGY
FINANCE AND INVESTMENT AUTHORITY

C-PACE: Commercial & Industrial Property Assessed Clean Energy

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Who is CEFIA?

Strategic Focus – Vision and Mission



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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



Attract and deploy capital to finance the clean energy goals for Connecticut



Develop and implement strategies that bring down the cost of clean energy in order to make it more accessible and affordable to consumers

Reduce reliance on grants, rebates and other subsidies and move towards innovative low-cost financing of clean energy deployment



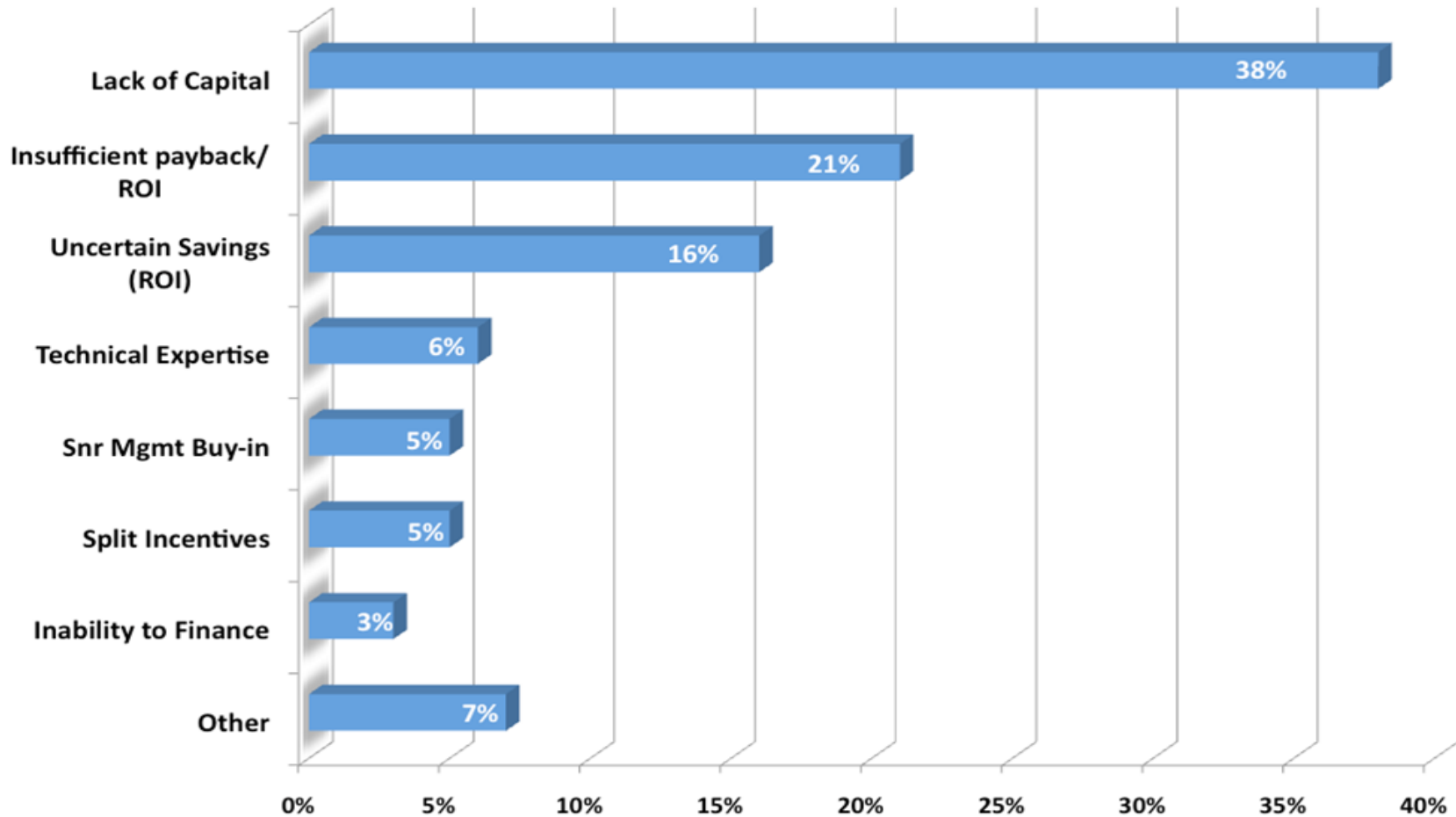
“Property Assessed Clean Energy” Funding



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- ▶ Creates an innovative financing structure that funds RE&EE upgrades in buildings
- ▶ Defines energy upgrades are a public benefit and can be financed through same assessment mechanism used to finance sewers and sidewalks
- ▶ Provides 100% low cost, long term funding for qualified energy upgrades
- ▶ Allows repayment through property tax assessment over 20 years
- ▶ Requires energy upgrades to pay for themselves with energy savings
- ▶ Senior PACE lien stays with the property if it changes owners and doesn't accelerate in case of default

Why do we need PACE



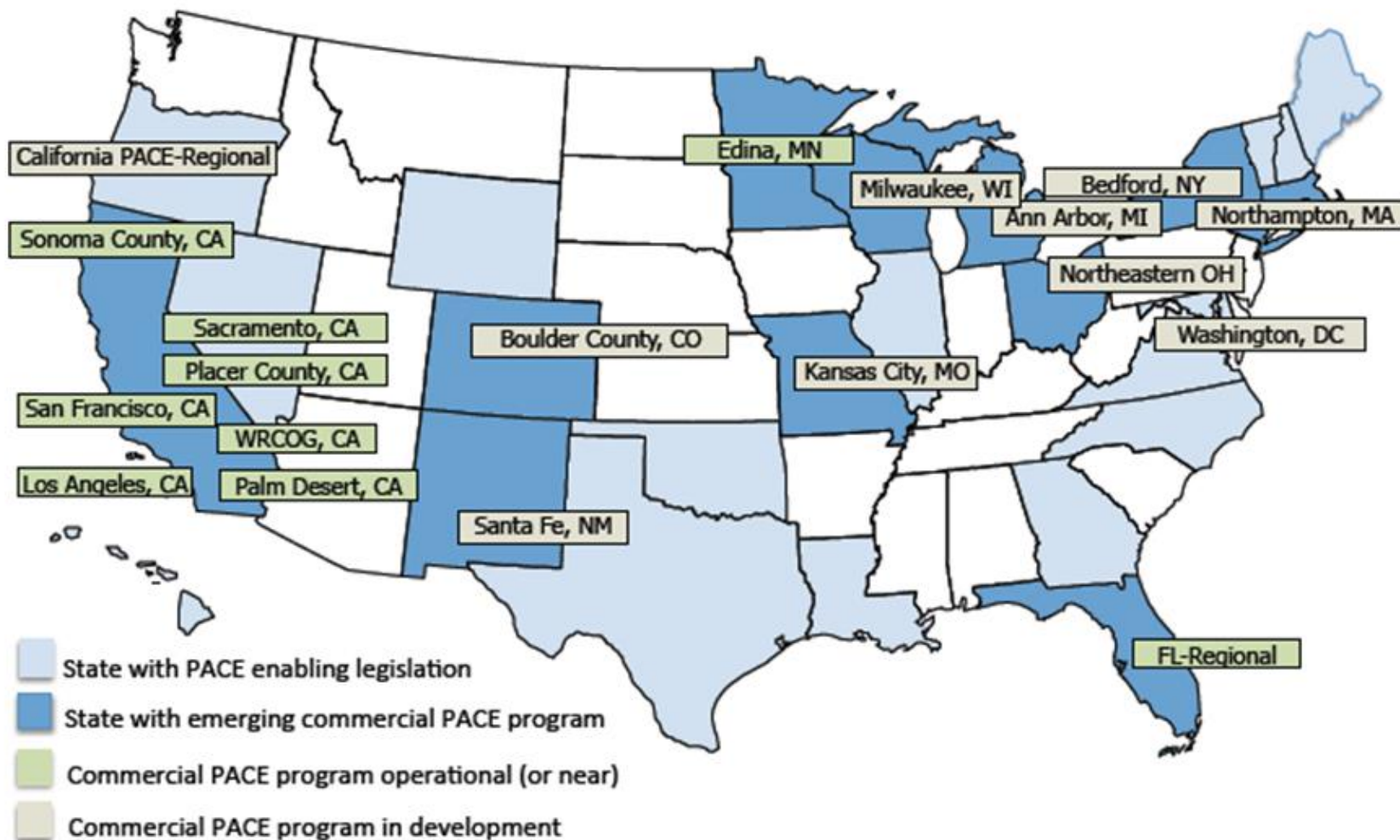
REFERENCES

EE Indicator – NA 2010, Johnson Controls and International Facilities Management Association (IFMA)

PACE programs around the country



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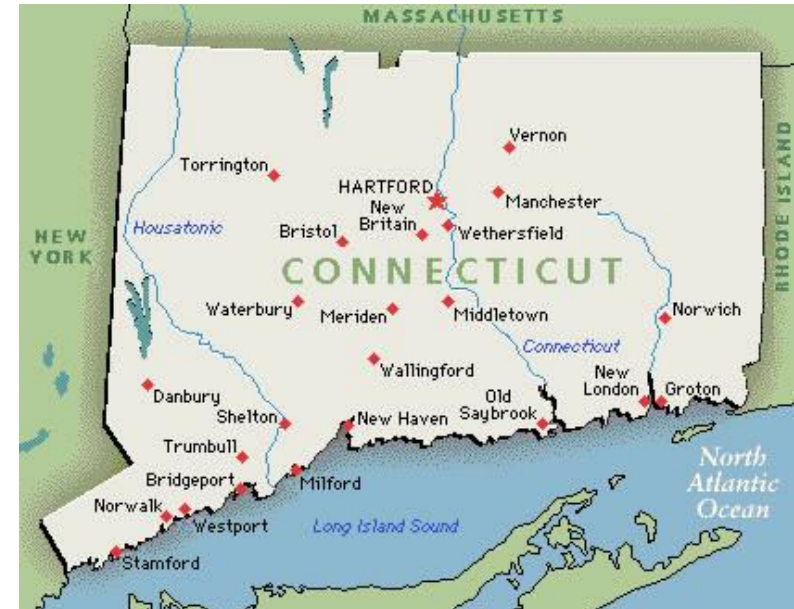


C-PACE:

- ▶ Enables **commercial and industrial** property owners to access financing for qualified energy upgrades and repay the loan through a benefit assessment on their property tax.
- ▶ **Requires the consent** of the existing mortgage lender.
- ▶ Enables municipalities to opt-in through approval of their legislative body through “**written agreement, as approved by its legislative body, with the authority**”
- ▶ Enables **CEFIA** to administer a statewide program and to aggregate demand for this financing tool from around the state to further drive down cost of capital for building owners

Opportunity for Commercial Building Efficiency

- ▶ 36,000 commercial buildings
- ▶ 20% energy savings in 10% of buildings = \$43 million/year in energy savings
- ▶ Upfront cost = \$164 million
- ▶ Avg. payback under 4 years
- ▶ Savings continue after that
- ▶ Local job creation
- ▶ Business competitiveness

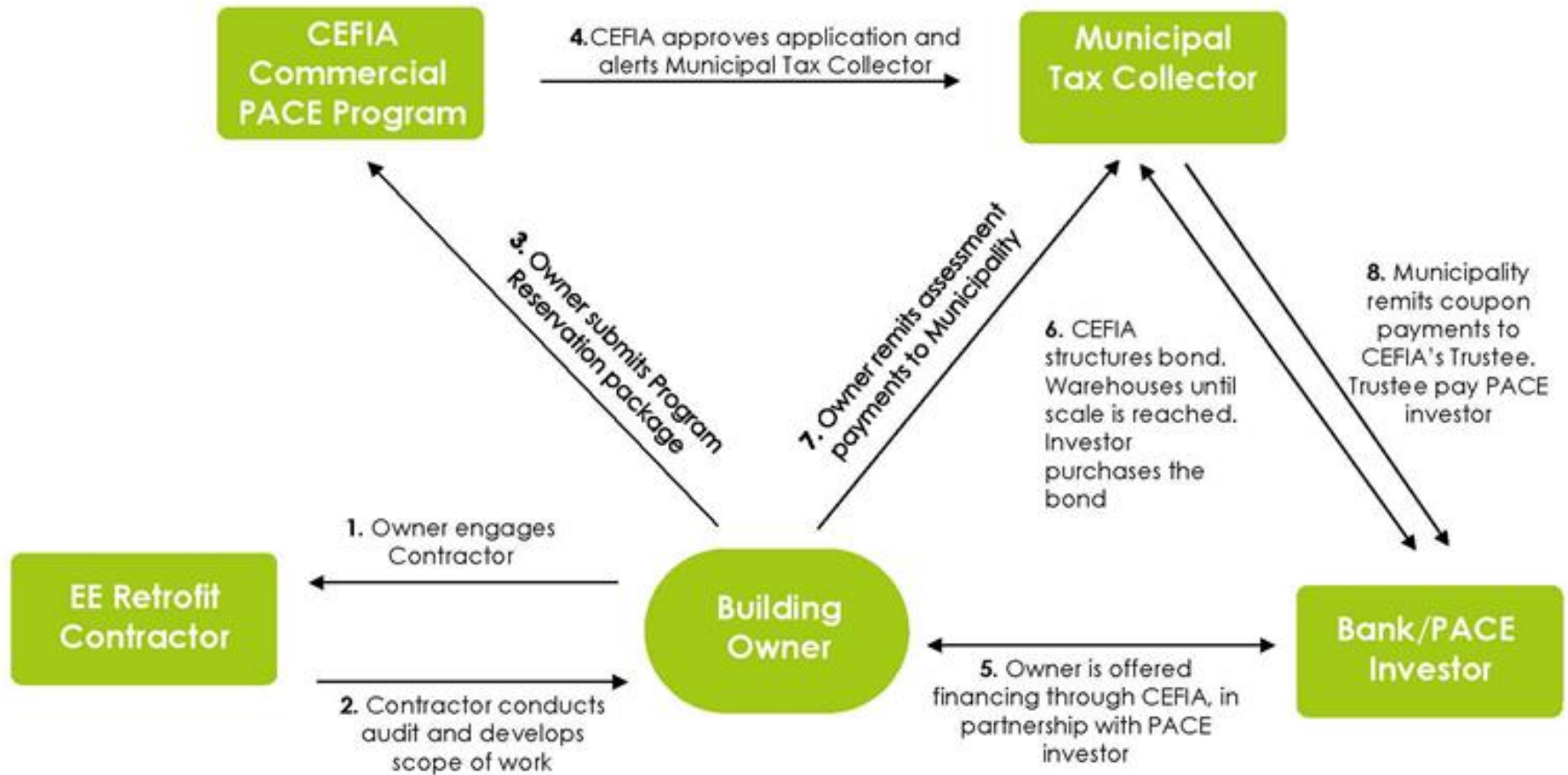


Benefits to Key Stakeholders



- ❑ **Property owner**: low cost, long term financing to improve building energy use
- ❑ **Existing lenders** – lowers operating costs for building, increases value of building
- ❑ **Project lenders** – provides low risk investment due to the senior lien status of PACE
- ❑ **Municipality** –promotes economic development
- ❑ **Contractor** – offers customer financing for upgrades

C-PACE Financing Mechanics



There are 4 steps to accessing PACE financing:



- 1. Choose your upgrades.** Work with an energy auditor or contractor to identify projects that reduce energy use and will be eligible for PACE financing.
- 2. Apply on CEFIA's C-PACE website for financing.** CEFIA will work with you to secure low-cost financing.
- 3. Install project and get funding.** When approved, CEFIA will request a lien to be placed on your property and funding will be dispersed once the project is completed.
- 4. Make Payments.** Repay your PACE financing through a line item on your property tax bill over the course of up to 20 years. If you sell the property, the assessment stays with the building.

CEFIA's role: Designing the Program



- ▶ **Municipal Working Group***: secure participation from municipalities in the C-PACE program through legal agreement with CEFIA
 - ▶ (CT Conference of Municipalities, **Bridgeport**, West Hartford, Hartford, Fairfield, Westport, **Norwalk**, Middletown, Meriden, and New Haven)

 - ▶ **Program Guidelines Working Group**: develop qualified technical requirements and financial standards to govern the program (Guidelines published Oct 2012)

 - ▶ **Capital Sourcing Working Group**: to use the power of CEFIA as aggregator of C-PACE deals and state “green bank” to attract lowest cost capital to program

 - ▶ **Marketing, Education, and Outreach Working Group**: to build pipeline of demand for C-PACE funded upgrades throughout CT
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- Municipal working group is open to all
 - Bridgeport passed enabling resolution 9/17/2012

What's Eligible



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- ▶ High efficiency **lighting**
- ▶ Heating ventilation air conditioning (**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
- ▶ **Combustion and burner** upgrades
- ▶ **Fuel switching**
- ▶ **Water conservation** measures to the extent they save energy
- ▶ **Heat recovery** and steam traps
- ▶ Building enclosure/**envelope** improvements
- ▶ Building **automation** (energy management) systems
- ▶ **Renewable energy** systems.

What's Not

- ▶ Appliances, e.g., refrigerators, dishwashers, etc.
- ▶ Plug load devices
- ▶ Vending machine controls
- ▶ Any package of measures with a weighted average effective useful life (EUL) that does not meet or exceed the life of the loan
- ▶ Any package of measures that does not achieve an energy savings (over the life of the loan) to [total project] investment ratio > 1
- ▶ Any measure that is easily removed or not permanently installed
- ▶ Any measure that does not result in improved water or energy efficiency or renewable energy generation
- ▶ Extending natural gas lines to the property line to enable a PACE-eligible gas conversion project.

Timeline



	2012				2013	
	Sept	Oct	Nov	Dec	Jan	Feb
Develop technical guidelines						
Secure legal agreements with municipalities						
Develop a pipeline of projects						
Bring on qualified financial partners						
Bring on Third Party Administrator						
Publish Program handbook: November 2012						
Establish program procedures and application process						
Launch website						
Launch program						



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