

# Connecticut Businesses Use C-PACE Program for Energy Improvements

*Shagbark Lumber & Farm Supplies in East Haddam is among 90+ properties allocated a total of \$65M+ for projects in 2 years.*

By Rich Scinto (Patch Staff) February 3, 2015



***Local Note:** Shagbark Lumber & Farm Supplies in East Haddam leveraged \$485,000 in C-PACE financing to install a 157-kilowatt roof-mounted solar photovoltaic (PV) system, estimated to provide more than \$1.2 million in savings over the life of the upgrades. The improvements also enabled the business to benefit from the Zero-emissions Renewable Energy Credit (ZREC) program.*

Two years after it was launched, the Commercial Property Assessed Clean Energy (C-PACE) program is rapidly gaining traction with commercial property owners in Connecticut, who are utilizing its long-term financing to fund valuable energy improvements with no upfront costs and immediate energy savings.

The Connecticut Green Bank (formerly the Clean Energy Finance and Investment Authority, or CEFIA), which administers C-PACE, today reported major program success.

To date, the Connecticut Green Bank has allocated more than \$65 million for over 90 projects, ranging from boiler replacements to comprehensive solar and other energy-efficiency retrofits, for businesses and non-profit organizations across the state.

Enhanced properties have included office towers, a shopping center, a performing arts center, industrial facilities, a recreation center, and nonprofit buildings. The Connecticut Green Bank has developed case studies (<http://c-pace.com/pacesetters/>) on several property owners, called PACEsetters, who are taking the lead in improving their buildings across the state.

“We are thrilled by the success of the C-PACE program,” said Connecticut Green Bank President and CEO, Bryan Garcia, “In just two years, we’ve seen the first securitization of C-PACE transactions in the country and allocated more than \$65 million of capital, enabling property owners to make deep energy upgrades and control their energy costs. Clean energy is now more accessible and affordable to the commercial and industrial sector, we are supporting economic development and creating jobs, and the Connecticut Green Bank is leveraging limited public dollars to attract private investment. It’s a sustainable model for financing energy upgrades in the commercial and industrial sector.”

According to Connecticut Green Bank Commercial and Industrial Programs Acting Director Genevieve Sherman: “C-PACE is a home run. Building owners pay no money down, realize immediate cash-flow savings, increase asset value, and retain tenants. The ability to spread payments over as many as 20 years allows deeper energy improvements, involving multiple measures with greater benefits.”

Sherman added: “With active participation from property owners, investors, contractors and municipal leaders, C-PACE is on a rapid growth trajectory. The number of buildings receiving new financing from the program tripled from roughly 20 in 2013 to over 60 last year. We are excited to see the impact that the program has had to date and expect continued growth and success in the future.”

C-PACE returns immediate energy savings to property owners, who use only part of what they save to repay their financing through a long-term benefit property tax assessment, typically spanning 20 years. One of the distinct benefits of the program is that the property owner’s estimated energy savings, which are measured and verified according to technical underwriting standards, must exceed assessment charges over the benefit assessment term, as validated by the Connecticut Green Bank. In addition, a C-PACE payment obligation transfers to a new property owner if the owner who obtained the financing decides to move. Under a typical lease, C-PACE payments can be passed along to tenants, who also benefit from energy upgrades.

### **Two-Year Milestones**

Sherman cited these key C-PACE achievements since January 2013:

- The number of buildings receiving new financing from the program tripled from roughly 20 in 2013 to over 60 in 2014.
- Properties with completed or in progress energy improvements together occupy more than 5 million sq. ft.
- More than 6 megawatts of clean energy have been or are in the process of being installed.
- Most C-PACE-financed energy-efficiency projects are reducing energy bills by 20 to 40

percent. Solar improvements are overwhelmingly delivering more than 50 percent energy cost savings on average, with many projects offering savings over 90 percent.

- More than 105 Connecticut cities and towns have signed up to participate in C-PACE, and nearly 90 percent of the state's commercial and industrial properties can access C-PACE financing.
- Over 100 contractors have been trained to implement C-PACE-financed improvements.

**Two other noteworthy accomplishments showcase national recognition:**

- In the first commercial securitization of C-PACE loans in the United States, the Connecticut Green Bank secured private funding from Clean Fund, which purchased \$30 million of C-PACE-backed bonds.
- The Clean Energy States Alliance (CESA), a national nonprofit coalition of public agencies and organizations working to advance clean energy, last year honored C-PACE with a SLICE (State Leadership in Clean Energy) award for a state program that is more effectively accelerating adoption of clean-energy technologies.

**Solar Trend Is a Driver**

A driving force fueling the use of C-PACE is how attractive it is for investing in solar. Sherman noted that when building owners pair 20-year, 100 percent low-interest C-PACE financing with 15-year, fixed-price renewable energy credit (REC) contracts, it results in projects that require no out-of-pocket costs and that immediately deliver positive cash flow to the property owner. Furthermore, C-PACE enables building owners to own their systems outright and benefit from their full value, including tax credits. Through 2016, property owners can take advantage of a 30 percent federal investment tax credit for solar installations. With the costs of solar system installations decreasing, solar upgrades financed with C-PACE are a win for commercial and industrial buildings.

In addition to solar improvements, C-PACE-qualifying upgrades include installing high-efficiency lighting; heating ventilation air conditioning (HVAC) improvements and

controls; windows; variable-speed drives on motors, fans and pumps; high-efficiency boilers, chillers, furnaces and water-heating systems; building-envelope improvements; fuel cells; energy-management systems; and other improvements that reduce energy costs in a building. Details on C-PACE-financed projects, including videos, can be found here: [www.cpace.com/projects](http://www.cpace.com/projects).

### **About C-PACE**

Commercial Property Assessed Clean Energy (C-PACE) provides Connecticut's commercial property owners the ability to finance energy-efficiency and clean-energy improvements with no money down, allowing them to realize immediate cash flow from energy savings and increased asset value. Using money saved on energy bills, building owners repay C-PACE financing through a benefit property tax assessment typically spanning 20 years, making it easier to finance multiple improvements. Estimated energy reductions for C-PACE projects are validated to ensure savings exceed assessment charges over the term of the benefit assessment. Administered by the Connecticut Green Bank (formerly CEFIA), C-PACE promotes economic development, energy cost savings and competitive advantages for Connecticut businesses, nonprofit organizations and municipalities. Please visit [www.c-pace.com](http://www.c-pace.com), connect at: <https://www.linkedin.com/company/c-pace>, or follow us at: <https://twitter.com/ctcpace>.

### **About The Connecticut Green Bank (formerly CEFIA)**

CEFIA was established by Connecticut's General Assembly on July 1, 2011 as a part of Public Act 11-80. This quasi-public agency, now known as the Connecticut Green Bank, superseded the former Connecticut Clean Energy Fund. The Green Bank's mission is to lead the green bank movement by accelerating private investment in clean energy deployment within Connecticut and to achieve economic prosperity, job creation and energy security throughout the state. As the nation's first full-scale green bank, the organization leverages public and private funds to drive investment and scale up clean energy deployment in Connecticut. Please visit [www.ctcleanenergy.com](http://www.ctcleanenergy.com).

*Photo: Bryan Garcia, Connecticut Green Bank President and CEO*