OCTOBER 23, 2019
Overview of Contents

• Definitions
• Loan Characteristics
• Case Study
• Role of Government
• Program Administration
The 11th Street Tenants and Con Edison

November 13, 1976

Act 30 of June 12, 2018

- Establishes the framework for placing the assessment and define the role of local government.
- Allows property owner to finance clean energy projects on their annual tax bill. Payments stay with the property and do not accelerate.
- Allows for longer term financing.
DEFINITIONS
Definition: Clean Energy Project

1. Alternative energy system
2. Installs equipment to improve energy efficiency
3. Water conservation measures/equipment
Eligible Property

General commercial or nonprofit purposes such as retail, industrial, office, agricultural, and hospitality uses.

Eligible Property does not include any type of residential property including multifamily housing.
## Definition: Alternative Energy Resources

### Alternative Energy Portfolio Standards Resources

<table>
<thead>
<tr>
<th>Tier I</th>
<th>Tier II</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Solar Photovoltaic (PV)</td>
<td>• Waste coal</td>
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<tr>
<td>(Solar PV is a Tier I resource but also has a stand-alone requirement)</td>
<td>• Distributed generation systems</td>
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<tr>
<td>• Wind power</td>
<td>• Demand-side management</td>
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<tr>
<td>• Low-impact hydropower</td>
<td>• Large-scale hydropower</td>
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<tr>
<td>• Geothermal energy</td>
<td>• Municipal solid waste</td>
</tr>
<tr>
<td>• Biologically derived methane gas</td>
<td>• Generation of electricity outside of Pennsylvania utilizing by-products of the pulping process and wood manufacturing process</td>
</tr>
<tr>
<td>• Fuel cells</td>
<td></td>
</tr>
<tr>
<td>• Biomass energy</td>
<td></td>
</tr>
<tr>
<td>• Solar thermal</td>
<td></td>
</tr>
<tr>
<td>• Generation of electricity inside of Pennsylvania utilizing by-products of the pulping process and wood manufacturing process</td>
<td></td>
</tr>
<tr>
<td>• Certain muni and co-op-owned hydropower</td>
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</table>

*These were added to the Tier I in 2009. To account for these additional resources, an annual adjustment is added to the non-solar portion of the Tier I requirement.*
Use of Funds

1. Purchase and installation cost of any equipment.
2. Design, engineering and project development costs.
3. Infrastructure related to and necessary for project.
“A program shall require for each proposed qualified project a scope of work, energy baseline or water usage baseline and the projected energy savings or water usage reductions in order to establish the viability of the qualified project and the projected energy savings or water usage reductions.”
LOAN CHARACTERISTICS
Lender Consent

Any financial institution holding a lien, mortgage or security interest in or other encumbrance of the real property that secures a current, future or contingent payment obligation must be given written notice of the real property owner's intention to participate in the program and acknowledge in writing to the property owner and municipality or county that established the program that they have received such notice.”
## Capital Providers

<table>
<thead>
<tr>
<th>Capital Provider Name</th>
<th>Contact Name</th>
<th>Title</th>
<th>Email</th>
<th>Phone</th>
<th>Address</th>
<th>City, State, Zip</th>
<th>Website</th>
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Loan Priority Status

• Shall be a first and prior lien against the real property
• Shall have the same priority status as a lien for any other tax imposed by any agency, municipality or county
• May be discharged, compromised or abated in the same manner as delinquent property tax obligations.
• The assessment cannot be accelerated or extinguished until fully repaid.
CASE STUDY
Case Study

The Loop: 200,418 sq. ft.    Built in 1984
Energy Upgrade: Replace 35-year-old chillers, an antiquated control system, and inefficient lighting.

C-PACE Project Cost: $1,304,352

Term: 20 years
Annual C-Pace Special Assessment: $118,125
Annual Energy Cost Savings: $182,906

Lifetime Energy Cost Savings: $3,660,000
Annual Energy Savings: 1,548,086 kWh
Case Study

Energy Upgrade: Lighting upgrade

**Total Project Cost:** $134,000

- C-PACE Financing: $134,000
- Term: 10 years

**Annual C-Pace Special Assessment:** $19,509

**Annual Energy Cost Savings:** $28,582

- Lifetime Energy Cost Savings: $285,820

**Annual Energy Savings:** 242,389 kWh
ROLE OF GOVERNMENT
Role of Government: Program Establishment

A municipality with a community or economic development department or county may establish a property assessed clean energy program.

Develop criteria and procedures to determine the eligibility of real property and owners for participation in a program.
Model Program Guidelines
Counties with C-PACE
PROGRAM ADMINISTRATION
Application and Development

Property Owner Develops Project

Identifies contractor: Works with them to develop a proposed scope of work

Identifies lender: Works with them to obtain credit approval and proposed financing terms for C-PACE

Property Owner submits application package to C-PACE Administrator based on application checklist

C-PACE Administrator reviews and approves project based on county-validated guidelines

Checklist may include:
- Project description
- Summary of financing terms
- Summary of baseline energy analysis
- Signed lender consent form
- Signed disclosure of risk form
- Copy of title demonstrating legal owner of the building
- Evidence of meeting financial and technical requirements
- Unexecuted draft copies of Assessment Agreement

C-PACE Administrator reverts to property owner to update missing/incorrect documents, for verification, etc., as needed
Program Administration Interface

• Single point of contact for property owners and lenders
• Promotes C-PACE to lenders and developers at state and national level
• Facilitates county approval of guidelines and assessment remittance
• Coordinates payment between county and lender
• Ensures all public reporting and documentation requirements are met
• Measures and evaluates projects and the overall C-PACE program
Program Administration Features

• **No Cost for Counties:** C-PACE requires no credit exposure or general obligation funds from Counties

• **Statewide Approach:** uniform program, applied consistently, helps promote scalability by simplifying participation for stakeholders

• **Single Point of Access:** 3rd party administrator serves as 1) go-to contact for stakeholders, 2) ensures project compliance, and 3) services special charge repayment.

• **Open Market:** qualified private lenders provide property owners competitive rates and financing terms. Any contractor or project developer can work on a qualified project.
Project Completion

- Need a final completion certificate to acknowledge all contracted work has been properly completed.
- Post Completion Measurement and Verification (requires one of three methods)
  - Self-Perform: applicant uses Energy Star Portfolio upon approval of final application and subsequently on a quarterly basis for two years
  - Data Waiver: applicant executes waiver of utility data access rights for three years
  - International Performance Measurement and Verification Protocols: applicant engages a third-party to perform post measurement and verification analysis
Project Completion

• Prior to closing, C-PACE contractor or capital provider must certify to Program Administrator that property owner has provided disclosure of:
  • Annual and lifetime CO$_2$E reductions measured in metric tons
  • Total Energy Saved and/or Total Energy Generated
  • Annual Financial Savings
  • Total C-PACE Financed Amount
  • Annual C-PACE Payments
  • Disclosure that Property can be Foreclosed in the event C-PACE payment is not made