C-PACE Financing: Developments in Commercial PACE

CT Commercial PACE Program

New Jersey PACE Summit
June 12th, 2015
Agenda

1. Background
2. Drivers of Success in CT
3. Program Progress / PACE Setters
Four Macro Energy Challenges

Connecticut

High Energy Costs
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

Grid Reliability
5 major storms in 2 years with unacceptable outages
Comparative Energy Costs (2014)
- Commercial, industrial & multi-family property
- Requires the consent of the existing mortgage lender
- Requires SIR>1; permanently affixed
- Single Statewide Program – municipalities “opt-in”
- Energy Efficiency / Renewables / Microgrids / Shared Energy Situations (District Energy)
CEFIA’s Role in C-PACE

**Design Program**
- Design guidelines, bring on technical team
- Onboard municipalities
- Market the program

**Determine Project & Building Eligibility**
- SIR > 1 - OUTSOURCED
- Financial due diligence – GREEN BANK
- Secure lender consent – GREEN BANK

**Attract Private Capital**
- Qualify Capital Providers – GREEN BANK
- Provide capital (as needed) – GB & Others
- Sell-down portfolio – GREEN BANK
Commercial PACE (C-PACE)
Progress to Date

- 105 cities and towns and opted into the program – over 85% of the market
- Over 100 companies trained – 34 with approved projects
- 30+ mortgage lenders have provided consent
- Over $75 million (#100+) in projects approved–including first fuel cell
- Deploying over 10 MW of renewable energy and saving between 30-40% of energy consumption
- First securitization of commercial energy efficiency projects (private placement / not rated)
- Raising $50-$100 million private warehouse through RFP
Commercial PACE (C-PACE)
Program Growth

CT C-PACE Approved/Closed

$40.00
$35.00
$30.00
$25.00
$20.00
$15.00
$10.00
$5.00
$-

0-6 months  7-12 months  13-18 months  19-25 months
Commercial PACE (C-PACE)

This year C-PACE will help Crest Mechanical save $21,000 in energy costs.

With C-PACE financing of $145,000, Paul Breglio, President of Crest Mechanical Services, made a significant long-term cut to the annual electricity bill at 41 Walnut Street with a roof-mounted solar installation. The project will add nearly $8,000 annually to the company’s bottom line and is expected to yield over $400,000 in electric savings over the financing term, helping Crest Mechanical grow its business of manufacturing clean and energy efficient equipment for years to come.
Commercial PACE (C-PACE) paceSETTERs

PACEsetter: Paul Breglio, President, Crest Mechanical

C-Pace Financing: $145,000
Energy Upgrade: 55 kW roof-mounted solar photovoltaic system
Projected Savings: $418K over the life of the upgrades

Location: 41 Walnut Street, Hartford, CT
Building Size: 34,500 Square Feet
Year Built: 1925
Total Project Cost: $178,000 $145,000
Incentives: ZREC (Zero-emissions Renewable Energy Credit)
C-PACE Financing: $145,000

Term: 20 years
Annual Interest Rate: 5.5%
Annual C-PACE Assessment: $12,044
Annual Energy Cost Savings: $12,044 $21,000
Lifetime Energy Cost Savings: $418,690
Annual Energy Savings: 65,000 kWh
Commercial PACE (C-PACE) paceSETTERs

THIS YEAR C-PACE WILL HELP SAVE INSPORTS CENTER $91,678 IN ENERGY COSTS

With C-PACE financing of $1,001,298, Peter Corbett, CEO & President of InSports installed a 252 kW solar photovoltaic system along with energy efficient lighting. The upgrade is expected to save $91,678 annually in net operating costs (after payment of the C-PACE charge) and $1,833,569 over the financing term, allowing InSports to efficiently and sustainably serve its customers for years to come.
Commercial PACE (C-PACE)

PACEsetter: Peter Corbett, CEO & President

C-Pace Financing: $1,001,298

Energy Upgrade: 252 kW solar photovoltaic system; energy efficient lighting

Projected Savings: $1.8M over the life of the upgrades

Location: 29 Trefoil Drive, Trumbull, CT

Building Size: 108,000 Square Feet

Year Built: 2001

Total Project Cost: $1,001,298

Incentives: ZREC (Zero-emissions Renewable Energy Credit)

C-PACE Financing: $1,001,298

Term: 20 years

Annual Interest Rate: 5.5%

Annual C-PACE Assessment: $83,171

Annual Energy Cost Savings: $83,171

Lifetime Energy Cost Savings: $92,000

Annual Energy Savings: 341,853 kWh
With C-PACE financing of $372,466 John Benigni, CEO Meriden YMCA installed a cogeneration system, energy efficient lighting and occupancy controls. The upgrade is expected to save $34,450 annually in net operating costs (after payment of the C-PACE charge) and $688,991 over the financing term, allowing the Meriden YMCA to efficiently and sustainably serve its patrons while providing additional funding for scholarships for kids camp and memberships for those families in need.
Commercial PACE (C-PACE) pacSETTERs

PACEsetter: John Benigni, CEO
C-Pace Financing: $372,466
Energy Upgrade: Cogeneration system, energy efficient lighting and occupancy controls
Projected Savings: $688,991 over the life of the upgrades

Location: 110 W Main St, Meriden, CT 06451
Building Size: 40,000 sq ft
Year Built: 1997
Total Project Cost: $372,466
Incentives: none
C-PACE Financing: $372,466

Term: 19 years
Annual Interest Rate: 4.94%
Annual C-PACE Assessment: $30,446
Annual Energy Cost Savings: $30,446 $34,500
Lifetime Energy Cost Savings: $688,991
Annual Energy Savings: 489.2 MMBtu
With C-PACE financing of $2 million, Brandon Hall and Brett Wilderman of Forstone Capital replaced the windows and overhauled the HVAC systems at 855 Main Street in Bridgeport to save energy, lower operating costs, and draw new tenants. Their upgrade project is expected to save $80,000 annually in net operating costs (after payment of the C-PACE charge) and $6 million in energy costs over the financing term, helping expand their business for years to come.
Commercial PACE (C-PACE) paceSETTERs

**PACEsetter:** Brandon Hall and Brett Wilderman, Principals, Forstone Capital

**C-Pace Financing:** $2M

**Energy Upgrade:** VFDs on pumps and chillers, fan powered VAV boxes, new cooling towers, data center retrofit, new direct digital control for HVAC, new chillers

**Projected Savings:** $6.05M over the life of the upgrades

<table>
<thead>
<tr>
<th>Location</th>
<th>855 Main Street, Bridgeport CT</th>
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<tbody>
<tr>
<td>Building Size</td>
<td>112,000 Square Feet</td>
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<tr>
<td>Year Built</td>
<td>1966</td>
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<tr>
<td>Total Project Cost</td>
<td>$2,462,900</td>
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<td>Incentives</td>
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<tr>
<td>C-PACE Financing</td>
<td>$2M</td>
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<tr>
<td><strong>Term</strong></td>
<td>20 years</td>
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<tr>
<td><strong>Annual Interest Rate</strong></td>
<td>5.5%</td>
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<tr>
<td>Annual C-PACE Assessment</td>
<td>$166,563</td>
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<tr>
<td>Annual Energy Cost Savings</td>
<td>$166,563 $241,000</td>
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<tr>
<td>Lifetime Energy Cost Savings</td>
<td>$6,047,504</td>
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<tr>
<td>Annual Energy Savings</td>
<td>781 MMBTU</td>
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C-PACE … A WIN – WIN – WIN

- Saves Energy Dollars for businesses & NFPs
- Economic Development for your State
  - JOBS that CAN’T be OUTSOURCED
  - MULTIPLIER EFFECT
  - MUNICIPALITIES BENEFIT
- Improved Collateral / Property Value for Lenders
- “Sustainability” is increasingly in demand
- Reduced Emissions
- Better climate conditions for workers & customers
Thank you!

www.c-pace.com

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