



The Clean Energy Opportunity for Commercial Buildings in CT

Property Assessed Clean Energy

In 2012, Connecticut passed legislation enabling Property Assessed Clean Energy or “PACE”, an innovative financing model that will allow building owners across the state to access cleaner, cheaper, and more reliable energy. Hundreds of millions of dollars in energy upgrades are possible in Connecticut and PACE will enable our state to access the private capital to finance it.

How does PACE financing work?

PACE is a tax-lien financing program that allows interested property owners to finance qualifying energy efficiency and clean energy improvements on their buildings through an additional charge (“assessment”) on their property tax. Similar to a sewer tax assessment, capital provided under a PACE program is secured by a lien on the owner’s property tax bill and paid back over time. Like other benefit assessments, the PACE lien is a non-accelerating, senior lien secured by the property. The repayment obligation transfers automatically to the next owner if the property is sold. Because the payment is tied to the property tax, low interest capital can be raised from the private sector with no government financing required. This arrangement spreads the cost of clean energy improvements – such as energy efficient boilers, upgraded insulation, new windows, or solar installations – over the expected life of the measure.

Program Description

Connecticut’s Commercial & Industrial PACE (C-PACE) program, which is administered by the Clean Energy Finance and Investment Authority (CEFIA), offers financing to commercial, industrial, and multi-family property owners. This game-changing program is available statewide; any interested municipalities can opt-in through an agreement with CEFIA. Eligible upgrades will reduce the energy consumption and / or provide clean energy to the property. Although there is no financing minimum, PACE financing is best suited for capital improvements greater than \$150,000.

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.

What types of buildings are eligible?

- **LOCATION:** The property is located within a municipality that has adopted a resolution joining the C-PACE program.
- **OWNERSHIP:** The applicant is the legal owner of the property and all the legal owners of such property agree to participate.
- **PROPERTY TYPE:** The property must be non-residential, or 5 or more dwelling units, and pay property taxes or have a property tax ID.
- **PROPERTY-BASED DEBT:** The property must be current on property tax and assessment payments. The property owner must not have any involuntary liens, defaults, or judgments applicable to the subject property.
- **LENDER CONSENT:** The property owner must provide evidence that the mortgage holder(s) on the property consents to the PACE assessment, if applicable.

What types of upgrades are eligible?



- High efficiency lighting
- Heating ventilation air conditioning (HVAC) upgrades and controls
- High efficiency chillers, boilers, furnaces and water heating systems
- Building enclosure/envelope improvements
- Building automation (energy management) systems
- Renewable energy systems
- See www.ctcleanenergy.com/cpace for a complete list

CEFIA's "open market" PACE program

In the initial phase of the C-PACE program in Connecticut, CEFIA is pursuing an owner-arranged program. In this model, financing is provided by private investors. Investors are attracted to the security of the tax lien and work directly with property owners to negotiate rates and terms. CEFIA acts as a conduit for the repayment of the assessment and also as a matchmaker connecting property owners with private market financing partners. Various credit enhancements may be available to accelerate the use and adoption of this financial program.

The "pooled bond/warehouse" model for PACE

Once the PACE program ramps up to scale, CEFIA intends to explore developing a pooled bond model for PACE. In this model, CEFIA will secure a line of credit from a private investor to use in funding the PACE program. The private investor will warehouse the assessments until they reach a certain amount and then CEFIA would issue a bond to replenish the line of credit.

Benefits of PACE Financing

PACE financing offers a broad range of benefits to municipalities, building owners, mortgage holders, investors and energy efficiency / renewable energy contractors.

A complete discussion of these benefits can be found online at www.ctcleanenergy.com/CPACEbenefits

FOR MORE INFORMATION

Contact Jessica Bailey,

**Director, Commercial and Industrial PACE
Clean Energy Finance and Investment Authority
jessica.bailey@ctcleanenergy.com
(860) 257-2888**

or visit ctcleanenergy.com/cpace