



Launch and Lift-Off of NH C-PACE

Presented to:
EESE Board
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Who Are We?



- Non-Profit organization
- Reduce energy use in buildings
- Public policy and program design
- Founded in 1995

RESILIENT BUILDINGS

— GROUP —

Superior energy performance

- For-profit company, majority owned by The Jordan Institute
- Scale-up number of energy-efficient buildings
- Expand available EE services - projects in the field including energy-centric construction management

2013 Strategic Plan
& Reorganization

2014+ Policy and
Program Design

New Hampshire 
C-PACE
FINANCING ENERGY EFFICIENCY

C-PACE Overview

Another Acronym: C-PACE = Property Assessed Clean Energy financing for Commercial buildings

Elevator Speech: An innovative way to finance energy-efficiency and renewable-energy projects and making the projects cash-flow positive from Day One.



Statute is RSA 53-F, effective September 30, 2014

Goals of C-PACE

1. Reduce the amount of energy used in commercial buildings, associated greenhouse gas emissions, and outflow of energy dollars from the state.
2. Enable municipalities to encourage site-appropriate EE/RE projects in commercial buildings.
3. Encourage building owners to improve the energy performance, resiliency, comfort, and occupancy of their assets.
4. Create a sustainable stream of EE/RE project work for EE/RE professionals – JOBS!!
5. Develop a new financing product for lenders and investors.
6. Normalize EE/RE projects so that they are not seen as philosophical pilot projects, but rather practical steps that make good economic sense.

C-PACE Projects Can Include:

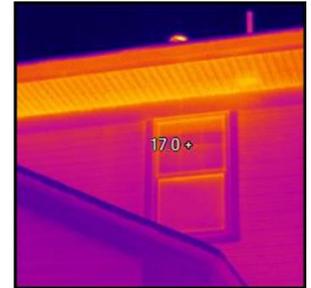
Comprehensive projects or individual energy measures

- Airsealing & Insulation - Walls, basements, crawlspaces, attics, roofs, piping, ducts
- Heating, Ventilation, AC Systems
- Biomass Heat — pellets or chips
- Ground-Source and Air-Source Heat Pumps
- Controls and heat distribution
- Lighting
- Solar – electric, hot water, hot air
- Combined heat and power



Ideal C-PACE Building Candidates:

- Willing project owner & municipality
- Project MUST have a Savings-to-Investment Ratio of >1
- Inefficient buildings and equipment
- Existing construction
- No access to natural gas for heating
- In a municipality with numerous other “ideal” C/I buildings
- Uncomplicated ownership
- Early phase: Project costs $> \$150,000$
- Candidate for RE system



C-PACE Building Types Can Include:

- Office buildings & skyscrapers
- Hotels & convention centers
- Apartment buildings (5+ Units)*
- Manufacturing facilities
- Heated warehouses
- Agricultural buildings
- Retail: grocery, malls, big box, Mom & Pop
- Health clubs & athletic facilities
- Private Schools
- And more.
- **BUT NOT PUBLICLY OWNED BUILDINGS**



* Some Restrictions Apply

Project Qualifications:

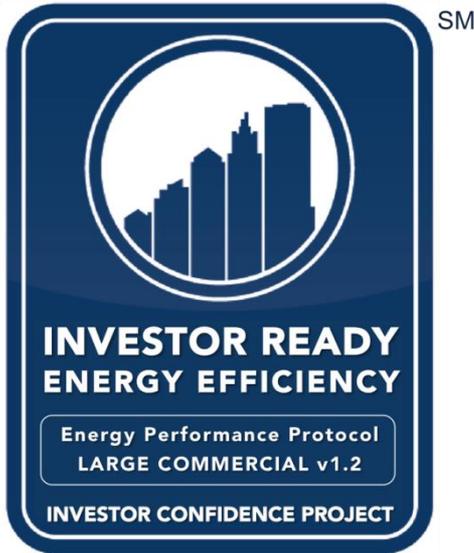
- Must have a Savings to Investment Ratio >1
 - Cash Positive from Day One
- No money down, but has to make sense – financially and energy wise
- Building must have value
- Initial borrower must have solid financial record
- Not all projects will work with this model
- Requires energy audit/benchmarking, commissioning, and monitoring & verification



C-PACE is different from other loans:

- Cash Positive from DAY ONE, SIR>1
- Tied to the property, not the property owner
- Non-accelerating payments, next owner makes subsequent payments - “Pay for the energy efficiency you use”
- Off balance sheet
- Addresses split incentive between building owner and tenants -
- building owner can “share” loan repayment
- Value added ensures a quality project – baseline benchmarking, commissioning, Monitoring & Verification
- Longer term loan, not 5-7 years, but up to 30 years
- Encourages comprehensive projects, not just fast ROI
- Financial & energy project vetting/oversight, improves trust
- C-PACE lenders understand the reduced risk of these projects

Investor Confidence Project by EDF

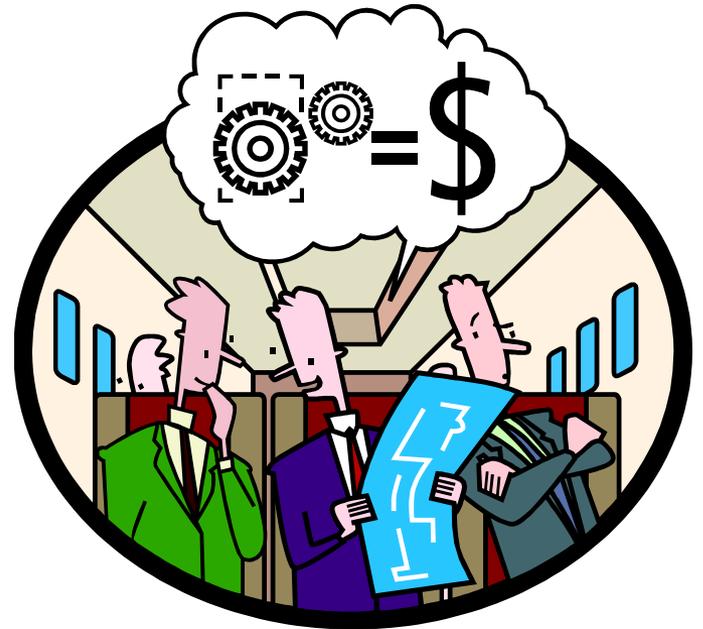


SM

- Jordan Institute and Resilient Buildings Group selected as Allies
- ICP reduces transaction costs by assembling existing standards and practices into a consistent and transparent process that promotes an efficient market, while increasing confidence in energy efficiency as a demand-side resource and resulting cash flows for investors and building owners

NH C-PACE Program Design Goals

- Financially self sustaining asap
- Flexible, responsive, transparent
- Accessible, but reduced tire kicking
- Competitive for the value
- Sensible accountability
- NH appropriate
- NOT baffling



Our Approach

- Secure funding to develop/launch the program
- Develop a Fee Schedule for services
- Develop legal documents, training materials for all parties, resources for municipalities, LECs, etc.
- EE/RE contractors, installers, and interested building owners are key program ambassadors and salesforce
- Joint approach to target municipalities
- Secure funding to expedite municipal adoption
- NH C-PACE will encourage private investment – no exclusivity!

NH C-PACE Program Team

- Jordan Institute
- Sustainable Real Estate Solutions
- Resilient Buildings Group
- NH Community Development Finance Authority
- Hannon Armstrong



NH C-PACE Advisory Group

- 20 +/- Stakeholders – EE/RE contractors, installers, suppliers, building owners, lenders, municipalities, etc.
- Work Groups:
 - Fundraising
 - Program Design
 - Municipal Adoption
 - Lender/Underwriting Standards
 - Energy Project Standards
 - Education, Training
 - Marketing, Visibility, Media, Social Media



Enabling and voluntary – checks & balances



- Municipality adopts C-PACE program
- Lien position is negotiated between building owner, lender, existing mortgage holders, and municipality
- Reduced risk to municipality/taxpayers
- Municipality acts as a conduit for loan repayment
- Risk assumed by lender, not municipality, in privately financed projects*

* Publicly-financed projects have numerous additional requirements

No Public Funding

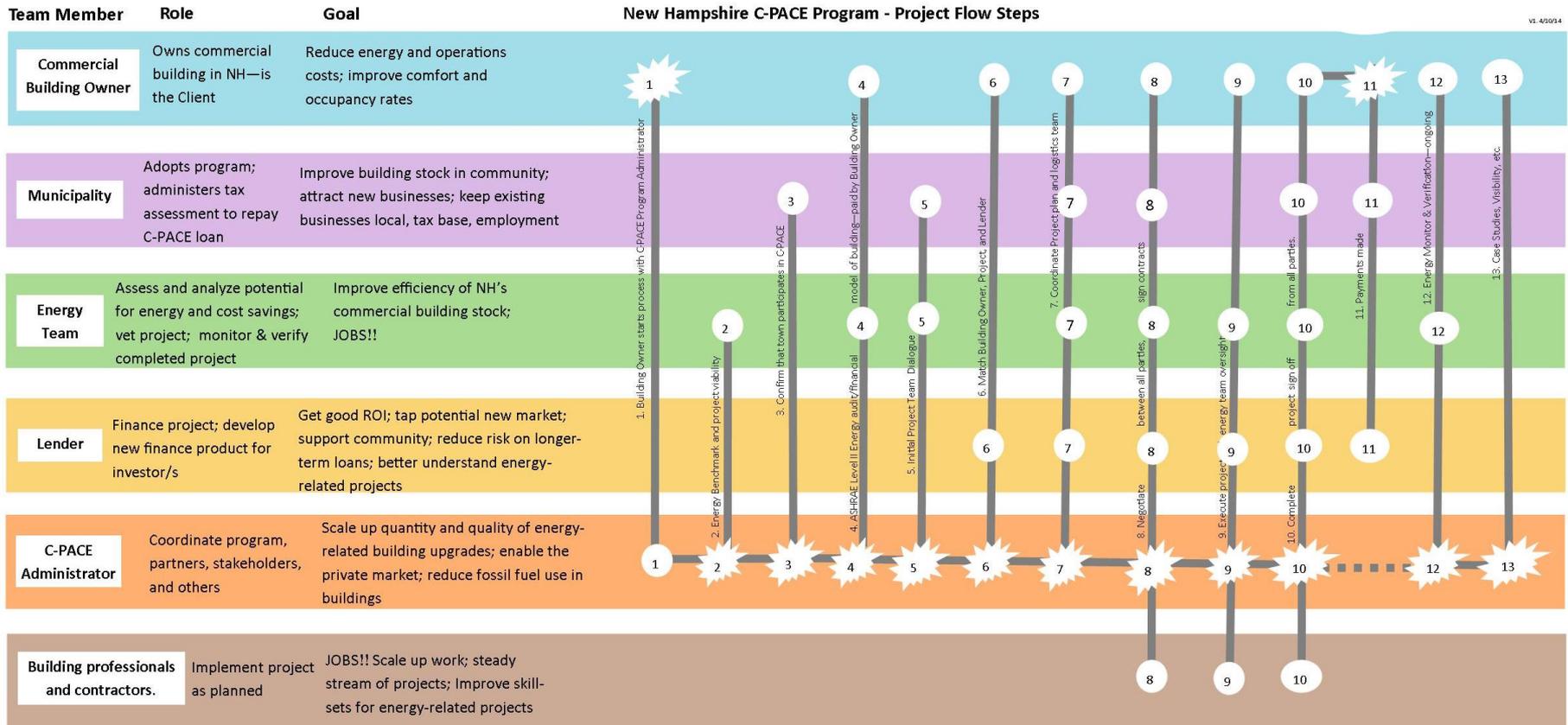
- Live Free or Die
- No public funding available to launch program or to finance projects
- No taxpayer funds
- No ratepayer funds
- Ergo, we need to be creative!



Fee Schedule for each project

- Site Specific Application Fee, non-refundable, can be applied to the loan
 - Fees for Energy Technical Review
 - Fees for Financial Underwriting and Review
 - Fee to cover costs absorbed by Municipality
 - Monitoring and Verification
 - Building Commissioning
 - Closing Costs on the Loan
- Municipal Adoption support is separate

How C-PACE Projects Work



VI. 4/5/14

= Catalyst of step in project

= Team Member in step of project

NON-EXCLUSIVE Project Financing

- Large Finance House
 - Will finance large projects, and smaller aggregated projects
 - Act as a default/back stop
- Local banks – small-medium-large encouraged to participate
- NH Community Development Finance Authority
 - Warehouse smaller projects and financing
 - Individuals, institutions, Divest-Invest, etc.



Municipal Adoption

- Develop a filter
- Target likely communities
 - Build momentum
- City Council vs Town Meeting
- Guidance forthcoming from DRA

Next steps:

- Develop materials and processes
- Funding needed for adoption process
- Need a “champion” in each town
- A lot of relationship building



Training and Education

Small Group Environment

- Contractors
- ESCOs
- Lenders
- Town Officials
- Tax Collectors
- Town Assessors
- County Registrar of Deeds
- Building Owners



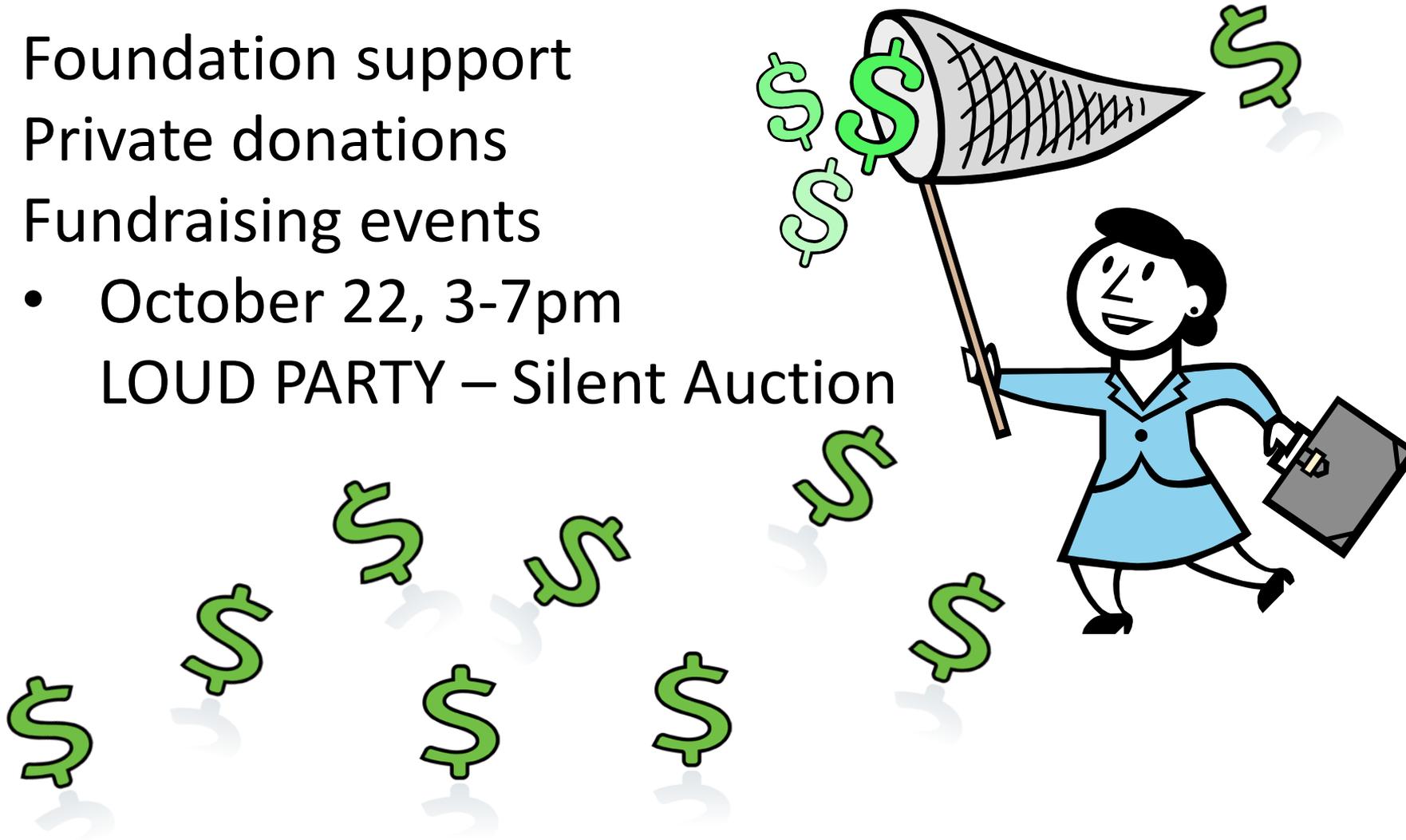
Visibility and Marketing



- Managing the message
- Managing expectations
- Case Studies
- Data collection & reporting
- Social media presence
- Materials available at www.JordanInstitute.org

Raising Funds

- Foundation support
- Private donations
- Fundraising events
 - October 22, 3-7pm
LOUD PARTY – Silent Auction





Thank you!

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