

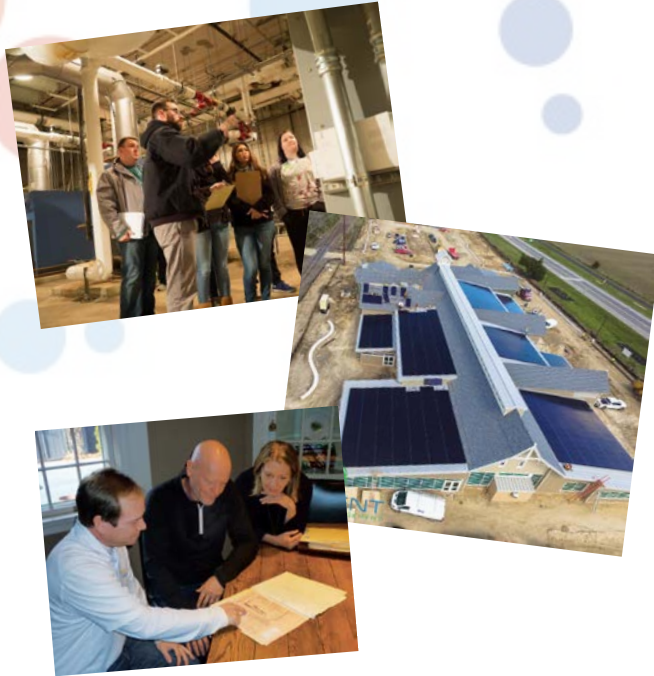


ENERGIZE DELAWARE C-PACE

RASCL Annual Summit

December 5, 2018

What does the Energize Delaware do?



Mission is to reduce Delawareans' energy usage and reliance on fossil fuels.

We do this by providing grants, loans, technical assistance, and education

DESEU Programs

Assess...Incent...Finance



Business:

Revolving loan Program
Farm Program
Affordable Multifamily Housing
C-PACE

Home:

Home performance with ENERGY STAR
WAP/Pre-weatherization
ZeMod (Zero Energy Modular Homes)

Non-Profits:

Revolving Loans
Energy Efficiency Investment Fund
Energy Assessments
Faith Efficiencies
Performance Contracting

State Agencies & School Districts:

Tax-exempt financing
Pathways to Green Ribbon Schools
Performance Contracting

Renewable Energy:

Geothermal & Solar Thermal Grants
Solar Renewable Energy Credit (SREC) Procurement Program
Residential Solar Loan Program



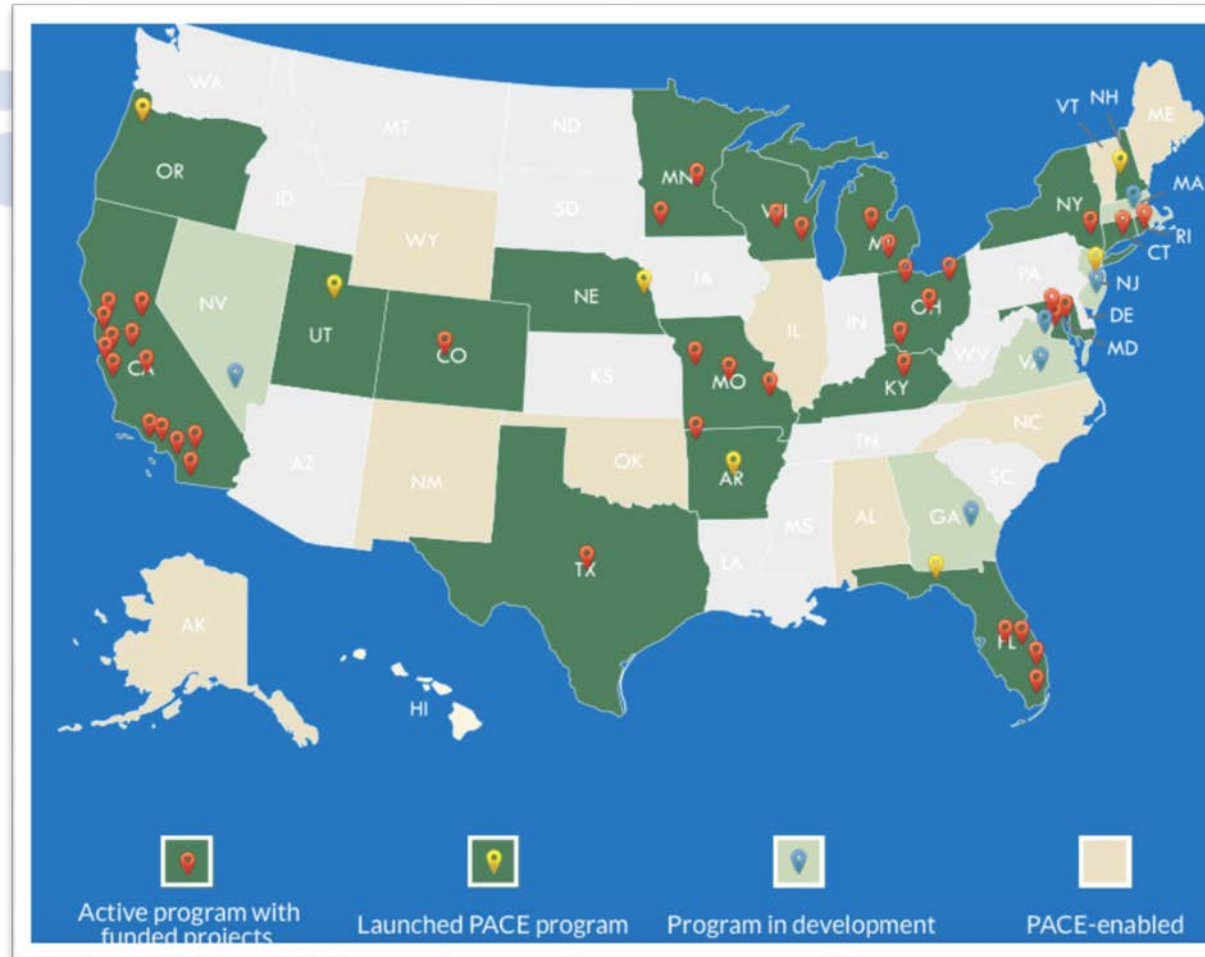
C-PACE Overview



Active PACE Programs Today

32 States + DC
with PACE
legislation

19 states + DC
with active
programs



Background

Gov. Carney signed SB 113 into law in August 2018. SB 113:

- Enables Delaware C-PACE program
- Designates DESEU as program administrator
- Requires DESEU to develop program guidelines in consultation with key stakeholders



Working group to discuss key program design decisions with goal to ensure structure is consistent with industry best practice

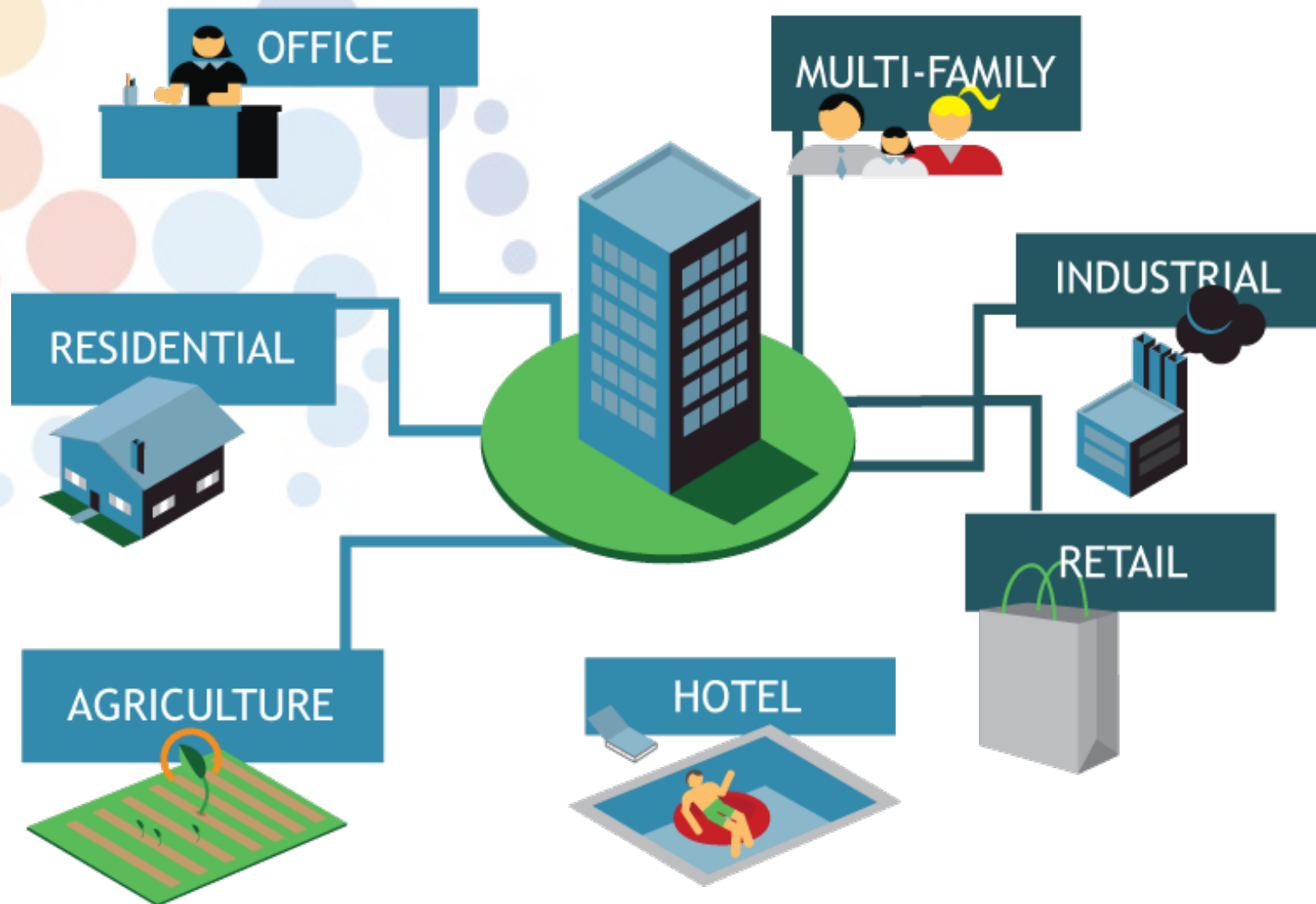
What is C-PACE?

- **New way to finance energy efficiency & renewables in C&I building retrofits & new construction**
- **Features common to existing buildings & new construction**
 - Voluntary, benefit assessment-based form of financing
 - Long term (up to 20-25 years)
 - Lower energy costs
 - Combine with utility, tax, and economic development incentives
 - No personal guarantees
 - Payment obligation can transfer upon sale (akin to sewer assessment)

C-PACE Benefit Assessment Lien

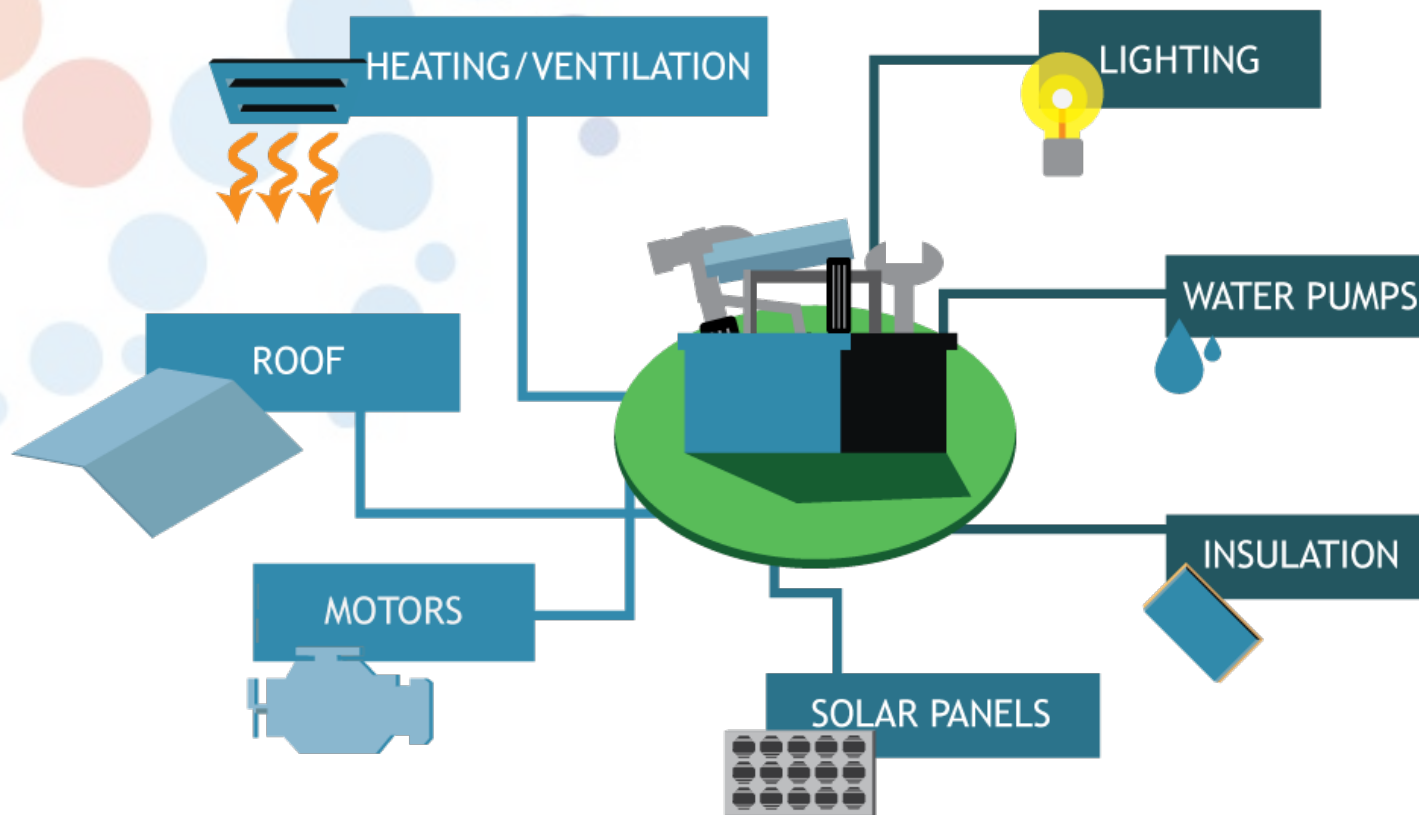
- Levied & collected as property assessments
- Superior to any other liens except property taxes
- Share the same senior lien
- If default only currently due and/or in arrears
- In default pursued as other assessments
- Foreclosure does not extinguishing mortgage liens
- The liens created may be assigned.

What Property Types Are Eligible?



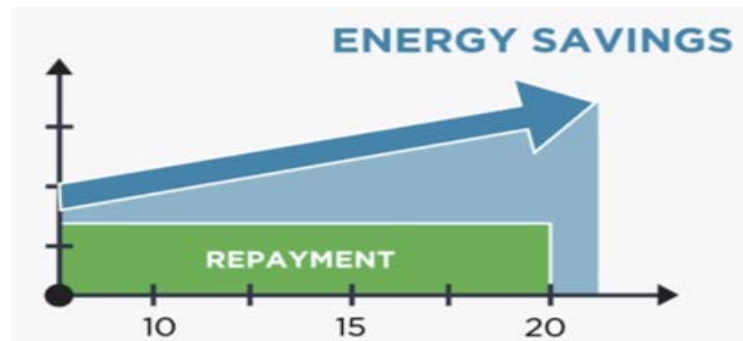
What Improvements Are Eligible?

Projects that Save or Generate Clean Energy



C-PACE for Existing Buildings

- Building owners energy improvements
- Up to 100% financing
- Up to 20-25 years term
- Pay via a recorded “benefit assessment”
- Energy savings \$\$ > the PACE payments
- Repayment can transfer to the new owner



What About Non-Energy Resiliency Projects ?

Allowed In Other States...Not Delaware...Yet?

Case Studies

As part of the Better Buildings CPACE for Resiliency Toolkit, the Department of Energy has developed case studies highlighting three recent resiliency projects that took advantage of CPACE financing:



Microgrid Project in Mixed-Use Building

Financed by Greenworks Lending, this \$1 million project in Hartford, CT, included energy efficiency, renewable energy, and microgrid improvements as part of broader renovations in a mixed-use housing and retail space. It was the first microgrid financed with CPACE and achieved energy savings of \$316,927 in the first year. [Read more.](#)



Seton Medical Center Seismic Retrofit

Financed by CleanFund and Petros PACE Finance, this \$40 million seismic and energy efficiency retrofit in Daly City, CA, is the largest in the history of CPACE financing. Due to California's mandate regarding seismic safety, this upgrade was not subject to SIR requirements. [Read more.](#)



Southern Oaks Rehab and Nursing Center Hurricane-Proofing

Financed by Hannon Armstrong, this \$500,000 project in Pensacola, FL, included upgrades to the facility's windows and roof that will allow it to resist hurricane-force winds while improving energy performance. [Read more.](#)

https://betterbuildingsinitiative.energy.gov/sites/default/files/attachments/CPACE_for_Resiliency_Fact_Sheet_6_11_18.pdf

County Participation

- Counties must opt-in to C-PACE for property owners to participate



Capital Provider Participation (Colorado C-PACE example)

- 25 capital providers representing multiple sectors in CO C-PACE:
 - Community banks, credit unions, and PACE-specialty investors
 - Serving small to large property/project sizes in both existing building & new construction



Colorado LED Funding, LLC



Global Grid Financial Group



Structured for Success

1. DESEU provides C-PACE program oversight

- Sends a strong “program integrity” signal to program participants

2. Centralized program administration within DESEU

- Provides consistency & quality assurance, free of conflicts of interest, to meet participant skepticism challenges

3. Open market access to private capital, enabling:

- Property owners can determine best-fit capital provider (CP) for their project
- Broad range of CP participation (traditional banks & PACE-specialty firms)

Delaware C-PACE aligns with industry best practice