

What are the Benefits of C-PACE Financing?

For years, when building owners needed to fund improvements such as HVAC upgrades, lighting retrofits, and renewable energy, they had no choice but to rely on traditional funding sources, such as their own capital or bank debt. As a result, they often reserved precious capital for their “core business.”

A solution was badly needed, which led to the formation of Commercial Property Assessed Clean Energy (C-PACE), a private capital source provided throughout much of the U.S. by businesses such as PowerGreen Capital.

C-PACE financing is a uniquely beneficial financing structure for building owners. Here is a summary of the diverse benefits of C-PACE.

Improves Building Efficiency

Greater efficiency increases the value of the building and provides other benefits:

- Reduced operating costs - energy, repairs, and water
- Enhanced employee productivity due to a more comfortable work environment
- Improved health and lower absentee rates for employees
- Expected changes in building standards are more readily met

Borrower Friendly Financing Structure

The credit protections provided by C-PACE allows lenders to offer excellent terms:

- 100% financing covers total project installation costs plus closing fees
- Long-term financing of up to 30 years resulting in very low annual payments
- Self-funding financing: the reduction in operating costs typically offset debt payment
- Non-recourse: no guarantee required from owners
- No debt acceleration: the C-PACE lender *does not have the right to accelerate the full outstanding balance*, even if a scheduled payment is past due. The lien applies only to the amount that has been billed and remains unpaid in the current year

Provides Low Maintenance Financing

Once the deal closes, the building owner avoids the headaches of managing a separate financing, other than paying the annual assessment. There is no need for typical lender reporting requirements such as:

- Providing annual audits or quarterly financial statements
- Performing tedious calculations of compliance with financial covenants



Preserves Operating Flexibility

The owner's hands are not tied when it comes to managing the business:

- No prohibitions against selling the building: the C-PACE assessment is attached to the building and is assumed by the buyer
- Absence of typical lender requirements such as limits on asset sales, distributions, capital expenditures, additional debt, and others
- Preserves existing capital sources to fund expansions or acquisitions

Mitigates Business Risk of Unanticipated Capital Needs

No owner likes breaking the budget due to unexpected capital needs arising from:

- Major repairs or total system replacements – common with old equipment
- Rising interest rates – fixed rate pricing for the entire term (up to 30 years)

Helps Owners Leverage Other Financial Incentives

C-PACE financing can be combined with other cost reduction incentives such as:

- tax benefits from the Inflation Reduction Act, such as the 30% Investment Tax Credit for solar projects, and the Section 179D tax deduction for energy efficiency measures
- state and local grants, and
- local utility rebates

To sum up, C-PACE provides financial and operational flexibility not found in traditional financing sources.

Contact PowerGreen Capital to learn more about how C-PACE financing can unlock savings for the clean energy transition of your building.