

C-PACE Compared to Solar Financing – Customer Perspective

As a solar contractor, you know that satisfying your customer's need for financing removes one of the major hurdles in getting projects closed. Solar financing is most often provided through PPAs or Solar Leases - each with their own features and applicability.

When offering PPAs, you and your investors can share in the benefits of ownership including the ITC, depreciation, local utility incentives, SRECS, and proceeds from selling excess generation.

These can add up to a lot of additional value for your business, while still satisfying the needs of your customers.

So why should you offer C-PACE to your customers?

Let's assume your customer wants to move forward on a project provided it can be financed. Introducing C-PACE could be the difference maker in getting your deal closed under either of these scenarios:

- Solar Financing does not fit your customer's needs, or
- A PPA can't be offered

Scenario 1: Solar Financing Does Not Fit Your Customer's Needs

Let's explore the three most common reasons why solar financing may not fit your customer's needs. In each case, we explain why C-PACE solves their problem and helps close your project.

- **Customer wants to retain benefits of ownership** including tax benefits and local utility incentives.

***C-PACE Solution:** the customer is the owner.*

- **Customer wants transferability** – to be able to sell their building without the approval of the capital provider and more importantly, to avoid the costs of terminating the financing.

***C-PACE Solution:** funding is secured by an assessment which is attached to the building, not the owner; the assessment automatically transfers to the buyer without lender approval.*

- **Customer is not comfortable with a long term fixed price of electricity** with escalators which can add up over time. Also, if market prices fall, customers could be overpaying for electricity, perhaps for a long time.

***C-PACE Solution:** no requirement to lock in long term, escalating prices.*



Scenario 2: PPA Is Not Available

Assuming there are no regulatory prohibitions, below are a couple of reasons you may not be able to offer a PPA. (These two items above are generally less of an issue with Solar Leases.)

- **Smaller projects are not feasible for investors** given the resources needed to close.

***C-PACE Solution:** available for smaller projects starting at \$100,000.*

- **Creditworthiness of smaller businesses can often be a problem.**

***C-PACE Solution:** less reliant on traditional credit underwriting standards. The assessment provides credit support not otherwise available in traditional funding.*

In sum, C-PACE has clear advantages versus solar financing under certain scenarios. However, C-PACE also matches some of the other benefits offered by solar financing.

How C-PACE Matches the Benefits of Solar Financing

- **100%, long term financing:** self-funding up to 30 years
- **Does not include typical lender requirements** such as:
 - o Non-recourse - no guarantee needed from owner
 - o Total debt acceleration
 - o Quarterly reporting - financial statements and general compliance
 - o Financial covenants - compliance with financial ratio requirements
 - o Operational covenants - limitations on asset sales, incurrence of other debt, payment of distributions, etc.

**in some cases, Solar Leases may include some of the typical lender requirements*