POWERGREEN
CLEAN ENERGY FINANCE

How C-PACE is Self-Funding for Clean Energy Projects

What do we mean by saying C-PACE is "self-funding?" Quite simply, it means the reduction in your building's operating costs after C-PACE-funded improvements typically exceed C-PACE debt payments.

As an example, let's assume all the improvements in an energy efficiency project result in reductions in operating costs. Let's illustrate this with an example of an HVAC retrofit, although the same principle applies to offsets to your electricity bill when evaluating solar installations.

- Project Cost	$500,000
- Annual Savings	
- Energy	$46,000
- Repairs/Maintenance	$10,000
- Total Savings	$56,000
- Annual C-PACE payments (25 years)	$47,842

Assume C-PACE financing for this project is 25 years; here are the cash flows for the first seven years:

Year	1	2	3	4	5	6	7
Energy Savings	46,000	46,000	46,000	46,000	46,000	46,000	46,000
Repairs/Maintenance	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Total Savings	56,000	56,000	56,000	56,000	56,000	56,000	56,000
Debt Payments	47,842	47,842	47,842	47,842	47,842	47,842	47,842
Net Savings	8,158	8,158	8,158	8,158	8,158	8,158	8,158
Cumulative Net Savings	8,158	16,316	24,474	32,632	40,790	48,948	57,106

As shown above, total annual savings of $56,000 exceed the debt payments of $47,842. As a result, annual net savings of $8,158 can be used to fund other operations.

Note by year 7, cumulative net savings total $57,106. Over the 25-year life of the project, total savings would be $203,950.

As you can see, the C-PACE financing is self-funding, freeing up cash flow for other purposes.