

CivicPACE



CivicPACE: Financing for New Markets in Solar



WELCOME

20 Gigawatts

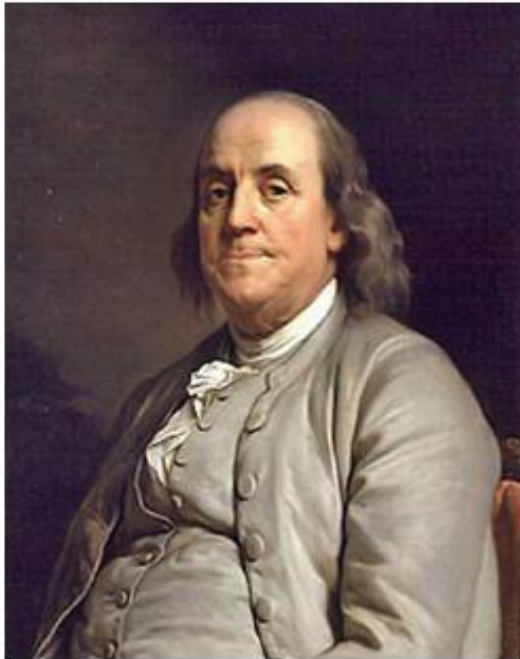
Potential capacity of US nonprofits
that could go solar

*Based on 800,000 nonprofit property owners and assumes
25% can support 100 kW PV system*

Nonprofit Challenges & Opportunities

- Poor Credit/Access to capital
- No/low tax appetite
- Difficult decision-making process
- Project size disincentive
- But...
- Deferred maintenance
- Mission driven

Special Assessment Finance – A Long History



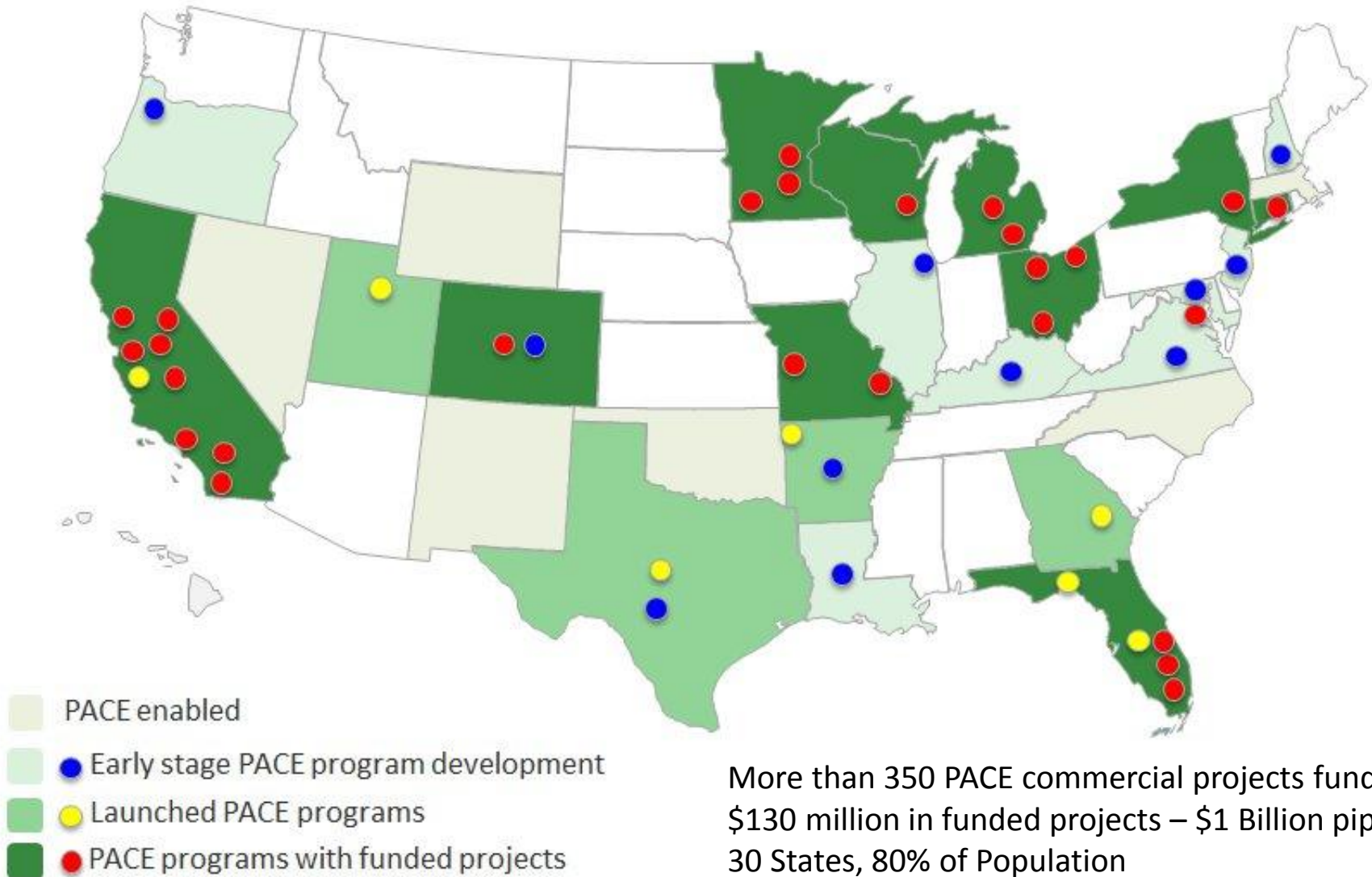
*Philadelphia Opt-In
Fire District 1736*

- PACE uses a financing mechanism that has long funded infrastructure projects like water, sewer, gas, and curb improvements

Special Assessment Finance – A Long History

- A special assessment is placed on the title of the property (like PILOT, TIF, & “front foot benefits”)
- The owner repays the cost of the energy retrofit financing on their semi-annual real estate tax bill
- The repayment obligation transfers with the title (along with the savings) to any new ownership
- **PACE is available as a voluntary assessment, even to non-profits that don’t pay any property taxes**

PACE – Growing Rapidly



More than 350 PACE commercial projects funded
\$130 million in funded projects – \$1 Billion pipeline
30 States, 80% of Population

PACE Benefits for Nonprofits

- **100% financing:** Can cover hard and soft costs, including engineering, legal, and design, with no out of pocket payment.
- **Cash-flow Positive:** Underwritten so project energy savings exceed debt service, improving operating income on day one
- **Long Term Financing:** Amortization can be up to 20 years or longer, greatly improving cash flows
- **Stable Fixed Rate Terms:** Assessment is tied to the building, not traditional debt, and transfers with ownership.
- **Confidence in Savings:** M&V helps insure that savings are realized over time

PACE + PPA Case Study

Customer: Non-profit affordable housing

Challenge: Monetizing tax benefits

Project: 230 kW total capacity across several buildings

Structure: PACE-secured PPA

System Size (kW)	230
Year One Production (kWh)	285,000
PACE Financing Rate	5.5%
PACE Term	15
System Install Cost	\$750,000
Tax equity	\$500,000

Property Owner Benefits

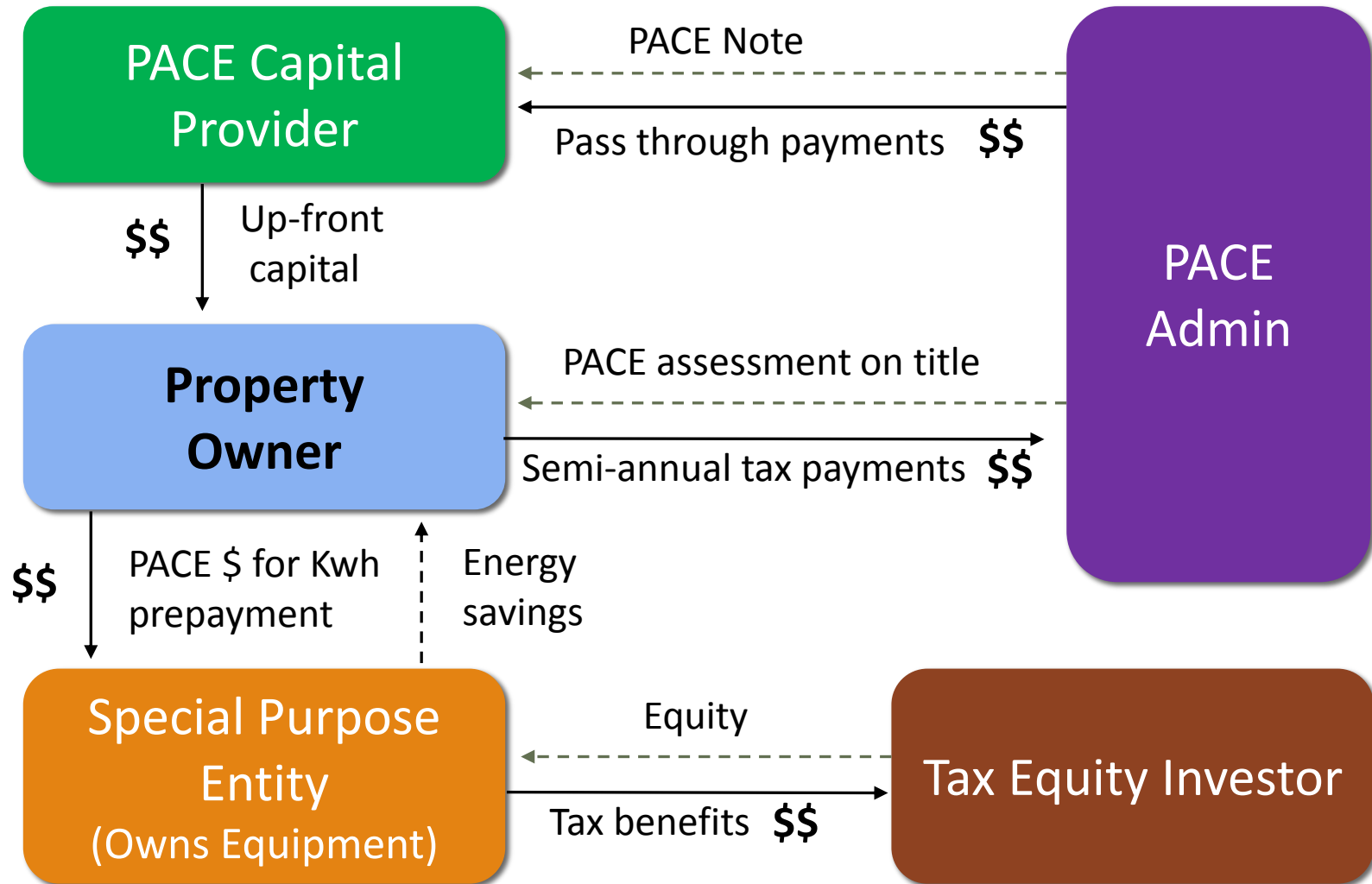
	Annual Avg.	PACE Term
Electricity savings	\$40,000	\$600,000
PACE Payments	-\$25,000	-\$375,000
Net Cash Flow	\$15,000	\$225,000
Effective 20-Year PPA Rate	\$0.08 / kWh	

Tax Investor Benefits

SREC Revenue	\$525,000
Taxes & Expenses	-\$200,000
ITC Value	\$225,000
Depreciation (After Tax)	\$80,000
Equity contribution	-\$500,000
Net Benefit	\$130,000
10-Year IRR	~12%

Note: Project financials have been simplified for illustrative purposes.

The Structure



About the CivicPACE Team



CivicPACE.org

The **CivicPACE Team** is a U.S. Department of Energy (DOE) effort under the Solar Market Pathways program designed to make commercial Property Assessed Clean Energy (PACE) financing a reality for tax-exempt organizations and non-profits.

About the CivicPACE Team

- Increase **installed capacity of solar** electricity in among non-profits and tax-exempt entities
- Target and engage active, developing, and emerging PACE markets to **promote the value** of CivicPACE
- Help local jurisdictions and relevant agencies (HUD) work through **legal and financial concerns** of pursuing CivicPACE
- Create a **replicable model** for future CivicPACE markets

Tomorrow

- **CivicPACE Roundtable**
- **8:30 AM in Room 204A**
- PACE + Nonprofits & Affordable Housing
- Speakers from:
 - US Dept of HUD
 - Lean & Green Michigan
 - Structured Finance
 - Ygrene
 - Petros Partners

Thank You

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