



C-Pace

for the

Kenai Peninsula Borough

DRAFT 4-4-22

COMMERCIAL PROPERTY ASSESSED CLEAN ENERGY

What is C-PACE?

Commercial Property Assessed Clean Energy

- ▶ Program was enabled by the Alaska Legislature in 2017.
- ▶ Provides **affordable, long-term financing** to commercial building owners for **energy efficiency and renewable energy** systems.
- ▶ Loan is secured by a lien on the property and repaid with taxes.
- ▶ Goals:
 - ▶ Improve owner's **bottom line**
 - ▶ **Modernize** buildings and improve the **tax base**
 - ▶ **Reduce greenhouse gases**
- ▶ It is Optional.

How Does C-PACE Work?

- ▶ Building owners choose
 - a professional to perform an energy audit.
 - a private capital provider that finances up to 100% of all costs.
- ▶ The Borough enters into contracts with the owner and the lender.
- ▶ Owners repay debt through a special assessment that is secured by a lien on the property by the Borough.
- ▶ Debt can be transferred if the owner sells the property.

How does the Borough opt in?

AS 29.55.100-165 gives steps:

- ▶ Adopt a Resolution of Intent that includes a finding of valid public purpose and describes how the Borough will provide and service third-party financing.
- ▶ Prepare a Program Report that details how the Borough's C-PACE program would function and pass a non-codified Ordinance Approving the Program Report.
- ▶ Hold a public hearing on the proposed program, and adopt a codified Ordinance Establishing C-PACE and the terms of the program in the Borough.

What's in the Program Report?

The details of the proposed Borough program:

- ▶ Program Goals
- ▶ Type of projects that are eligible
- ▶ Application process
- ▶ Capital provider responsibilities and Sample Contract
- ▶ Sample Contract with the owner
- ▶ How Borough ensures payment and a Sample Lien
- ▶ Audit requirements: estimation of energy and cost savings and emission reductions; how impacts will be verified
- ▶ How the Borough will market the program
- ▶ Quality assurance and anti-fraud measures
- ▶ Insurance requirements

Costs and Benefits

▶ Benefits:

- Save owner money immediately
- Improve Borough property values
- Improve market competitiveness
- Create construction and engineering jobs

▶ Costs:

- Staff or contractual expenses for administering the program
(can be reimbursed through fees)

C-PACE Status

▶ Nationwide

- 38 states, including Alaska, have enabling legislation
- 2,560 commercial projects, \$2.1 billion investment, 24,000 job-years*

▶ Alaska

- Anchorage: Program is in place. First project is in the pipeline.
- Mat-Su Borough: Resolution of Intent passed unanimously on Feb 5
- Fairbanks and Juneau: Programs are in development

▶ HB227

▶ Alaska Green Bank

*Source: PACE Nation

Case Studies from Detroit, Michigan

LUELLA HANNAN MEMORIAL FOUNDATION

LEAN & GREEN MICHIGAN'S FIRST NON-PROFIT PACE PROJECT



**Heating and power system upgrades
LED Lighting**

Amount Financed: \$908,696

Net Savings over 25 years: \$1,387,869



Hotel Saint Regis

Detroit luxury boutique hotel finances phase two retrofit with PACE

**HVAC, Elevator upgrades, DHW
LED Lighting**

Amount Financed: \$3,500,000

Net Savings over 25 years: \$801,825

Example

Based on an AEA-supported energy audit of an Anchorage fitness center (2014) with a current appraised value of \$11.2 million

	Financed Costs	<u>(1000\$)</u>
▶ Retrofits Proposed by Audit		
• HVAC upgrades	Audit	10.0
• LED lighting	Energy Measures	1,982.5
• Microturbines (2)	Application Fee	0.2
• Upgrade fan and pump motors	Closing Fee (0.8%)	15.9
• New windows, sealing	Total	1,998.6
• Pool cover	Annual Costs & Savings	
	Debt Service	(160.4)
	Gross Cost Savings	291.3
	Net Cost Savings	130.9

EXTRA SLIDES

Detail on Energy Efficiency Measures

Measure	Cost	Savings	Simple Payback	SIR
Upgrade fan and pump motors	15,000	11,800	1.3	7.9
Seal windows and doors	3,100	3,900	0.8	12.6
Upgrade shower heads	1,100	1,200	0.9	10.9
Install Capstone microturbines (2)	334,000	102,100	3.3	3.1
Destratification fans in tennis room	5,250	1,500	3.5	2.9
Heat recovery ventilation in pool room	60,000	16,200	3.7	2.7
HVAC and DHW upgrades	1,240,750	125,295	9.9	2.0
Lighting retrofits	200,000	26,595	7.5	0.8
Swimming pool cover	60,000	2,200	27.3	0.4
Lavatory--electronic sensors	30,000	400	75.0	0.1
Windows--replace with triple pane	33,345	77	433.1	0.04
	1,982,545	291,267	6.8	1.5
HVAC Upgrades				
set back thermostats/DDC				
VFDs on fans and heat pumps				
CO2 detectors to control ventilation				
New insulated DHW tanks				
HW circ pump operation only daytime				