



# Energize NY PACE Finance

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# Agenda

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- Overview
  - Energize NY + “PACE” Finance in New York State
- How Energize NY PACE works
  - Eligibility - Properties, Projects & Places
- Energize NY today – Case Studies of completed projects
  - Shared Solar?

# EIC

## Energy Improvement Corporation

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- Not-for-profit, Local Development Corporation
- Mission to scale clean energy adoption across NYS
- Owned by Member Municipalities – shared services model
- Funded by NYSERDA, US-DOE, revenue from financings
- Serve property owners with four programs:
  - Energize NY Finance
  - Energize NY Commercial
  - Energize NY Residential
  - Solarize Westchester

# Energy in Buildings



## New Yorkers spend \$35 billion annually on energy in buildings

- \$10.5 billion is **wasted\***
- Commercial property owners want to save money and energy with building upgrades.
- Why don't they?

\*Extrapolated from "Energy Efficiency and Renewable Energy Potential Study of New York State," NYSERDA, April 2014



Photo credit Egonomik.com cin-hava-kirliligi1

# The Energize NY Solution

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- Provide low-cost, long-term financing for clean energy projects in commercial sector
- Support property owners, service providers, municipal leaders



# PACE

## Property Assessed Clean Energy

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### Energize NY Finance is NY State's PACE program



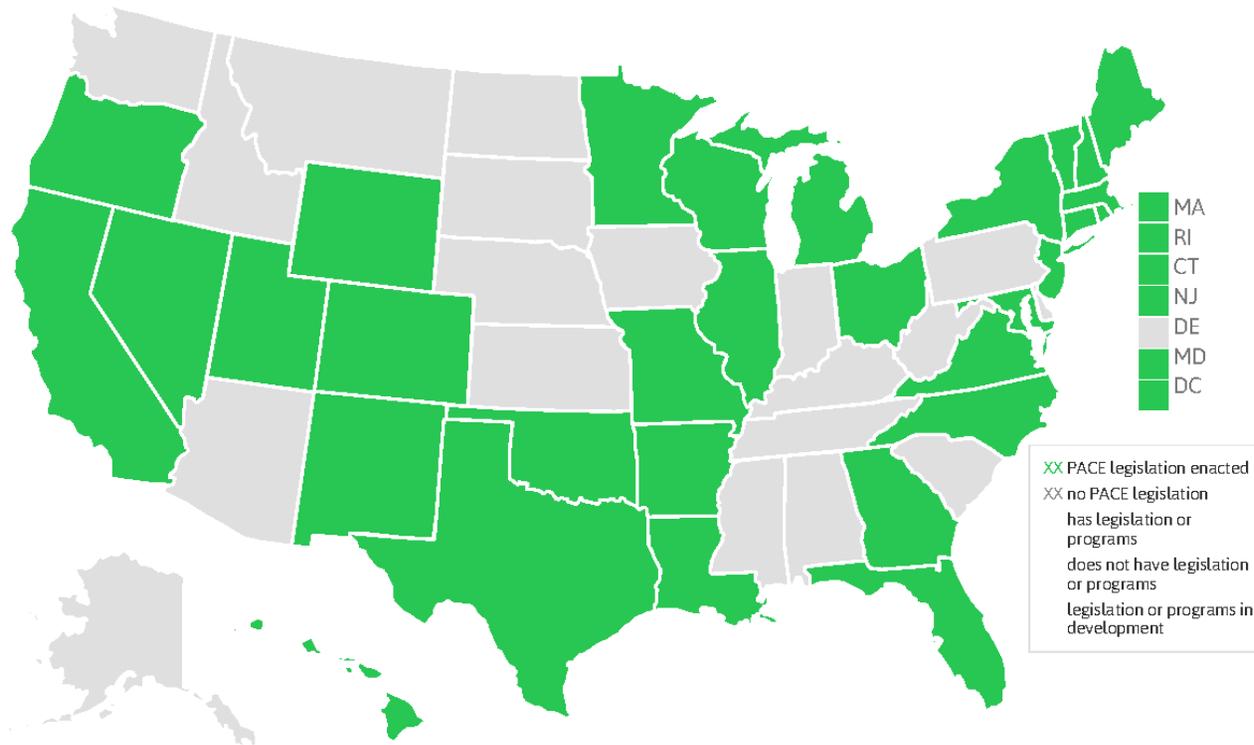
*“Municipalities would fulfill an important public purpose by providing financing to property owners for the installation of renewable energy systems & energy efficiency measures.”*

- Article 5L of the NYS General Municipal Law

- Repayments collected by municipality via tax bill charge
- Senior lien status



# PACE is Nationwide



Across the USA, 31 States and the District of Columbia have enacted PACE Legislation

*PACE programs and legislation at a glance*

# Benefits

## Energize NY + Finance

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1. Finance up to 100% of project cost
2. Long term amortization of costs up to 20 years
  - Deeper upgrades
  - Renewables
  - Positive cash flow
3. 4% - 6% rates (subject to market conditions)
4. Automatic transfer to next property owner
5. Easy to pay P+I
6. Access to capital for most building owners

# Benefits

## Energize NY + Community

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### **EIC MUNICIPAL MEMBERS**

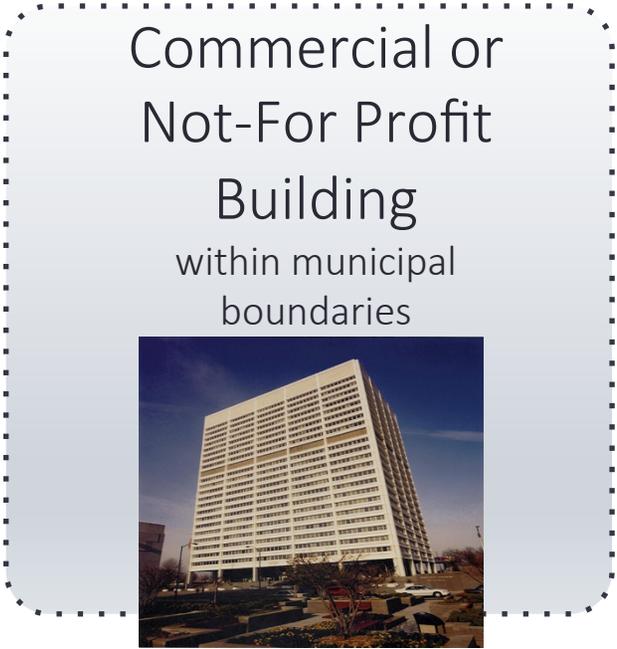
- Local leadership endorse and support clean energy upgrades as good for the community
- EIC Members support training for local energy service companies
- Property owner summits

### **PROPERTY OWNERS**

- Project support
- Finance application support
- Finance analysis tool
- Obtaining lender consent
- Use Energize NY Qualified Partner Profiles to find project developer



Energize NY Finance capital to property owner



# ENERGIZE NY CAPITAL FLOW



Allows for lower cost of capital

# Eligible Building Types

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## Commercially-owned buildings



- Multifamily
- Healthcare
- Hospitality
- Industrial
- Warehouse
- Not-for-profit\*
- Office
- Retail
- Agricultural
- Institutional
- Private colleges



# Eligible Improvements

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- **Efficiency:** Lighting, Boiler and Furnace Upgrades, Insulation, HVAC, Chillers, Windows, Pumps, Smart Controls
- **Renewables:** Solar Electric, Solar Thermal, Geothermal, Wind



# Finance Criteria

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- Estimated annual energy savings from improvements must be greater than annual finance payments
- Improvements have savings-to-investment ratio  $> 1$
- Property's existing loan-to-value is no greater than 80%
- Financing up to 10% of value of benefitted property
- No bankruptcy within last 7 years
- At least 3 year history of timely property tax payments
- Existing lender consent required
- NYSERDA/Utility energy assessments and verification

# Easy Application

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1. Submit online Pre-Application
2. Scope of Work
3. Submit Finance Application with required documents
  - Underwriting Documents
    - Market Value Appraisal + Title Search
    - Mortgage Documents
    - Organizational Documents
  - Existing Lender Consent
4. ENY disburses capital
  - Certificate of Completion or Equivalent

# Current Members

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## Counties & Cities

- Cortland (City) \*
- Dutchess County  
+ Beacon (City)
- Orange County
- Tompkins County  
+ Ithaca (City)
- Suffolk County \*
- Troy (City) \*
- Ulster County

## Westchester Muni's

- Bedford
- Cortlandt
- Croton-On-Hudson
- Greenburgh
- Lewisboro
- Mount Kisco
- Mount Vernon
- New Rochelle
- New Castle
- North Salem
- Ossining
- Peekskill
- Pound Ridge
- Rye (City)
- Somers
- White Plains
- Yonkers\*
- Yorktown

**\* Membership pending**

# Prospective Members

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Albany (County)

Kingston (City)

Schenectady (City)

Auburn (City)

Monroe (County)

St. Lawrence (County)

Broome (County)

Nassau (County)

Sullivan (County)

Buffalo (City)

Oneida (County)

Syracuse (City)

Cayuga (County)

Onondaga (County)

Westchester (Remainder)

Erie (County)

Rensselaer (City)

Yates (County)

Franklin (County)

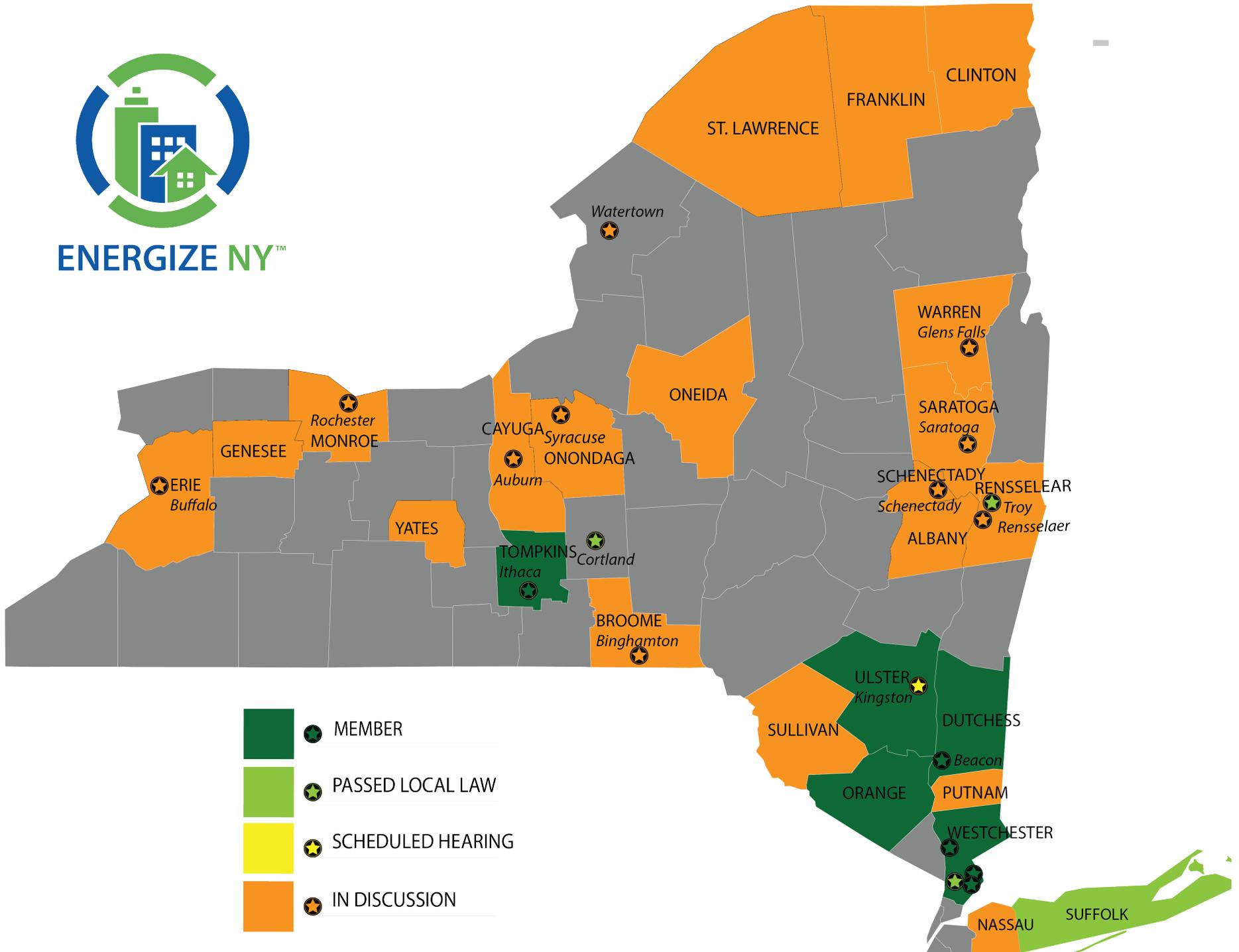
Rochester (City)

Genesee (County)

Saratoga (County)

Glens Falls (City)

Schenectady (County)



# Energize NY Finance

Rates (a/o 12/1/15)

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**5 year = 4.20%**

**10 year = 5.05%**

**15 year = 5.66%**

**20 year = 5.90%**

- Rates subject to market conditions
- Rate locks out to 6 months add 4 to 39 basis points (0.04 – 0.39%)
- Financings incur a 4.25 point administration fee (may be capitalized)

# Active Projects



**6 Completed, 3 pending**

**50 projects in process**

**\$14MM in Energize NY Financing**

- 47% - Energy Efficiency
- 40% - Renewables
- 13% - Both EE + Renewables

**Projects By Building Sector**

- 41 – Commercial & Industrial
- 12 – Multifamily
- 14 – Small residential
- 2 – Agricultural



# Project Profile - 5 Spoke Creamery Solar



## THE PROJECT

### Building details

4 buildings

- Dairy barn w/milk house
- Equipment barn
- Cheese making facility with cool storage
- Future local food store building

### Renewable energy generation

Ground mounted  
53 Kw solar electric system

FINANCED BY:



**ENERGIZE NY™**  
NY State's PACE Program

**Project cost:** \$164,859

### Incentives:

NYSERDA: \$ 51,977

USDA: \$ 41,215

**Term:** 5 years

**Financing Cost:** \$ 16,780 /yr  
(repaid as charge on annual tax bill)

### Energize NY member:

Orange County

**Energize NY PACE Finance:** simple, low-cost, long-term financing for clean energy upgrades.



## THE SAVINGS

**Electric use offset: 105%**

### Net Cash flow to owner

Years 1-5\* **+\$16,030/yr**

After financing repaid

**+\$15,400/yr**

*"Orange County Planning directed us to their Energize NY Finance program to help get the balance of funding we needed to make this project happen. Going through the Energize NY Finance program was pretty simple and the energy savings will have more than paid for the financed amount by 2020."  
— **Barbara Glustoff**, owner 5 Spoke Creamery*

\*(includes federal tax credits, incentives)



## PROJECT PROFILE: Terra Tile and Marble, Town of Ossining, NY

### THE PROJECT

- 1993 building
- 30,000 sq ft
- Warehouse, showroom, 8 offices, parking lot with 11 parking lot pole lights
- 120kw solar electric system
- Contractor: Best Energy Power

### ENERGIZE NY FINANCING

- Amount financed: \$ 204,102
- Interest rate: 4.927%
- Incentives:
  - NYSERDA incentive \$82,296
  - Federal investment tax credit: \$116,632
- Term: 10 years
- Annual cost: \$ 26,094
- PACE enabled municipality: Town of Ossining
- Financed August 2015

### THE SAVINGS

Year 1 electric offset: 95.5%  
 or 131,555 kWh  
 Estimated Annual Project Savings \$52,125  
 Annual Cost to Owner: \$26,094  
**Estimated Average Annual Positive Cash Flow \$26,031**

David Gasch, future owner of the family-owned business founded by Manuel Gasch 40 years ago, says "I see this as a capital investment that improves the building, and should make the roof last longer. With the electric savings, the Solarize information, and availability of the financing, it just made business sense."



## PROJECT PROFILE: Robson House, Affordable Housing Owned by A-HOME, a not-for-profit

### THE PROJECT

- 1800's multifamily home
- 4 apartments (2 senior studios, 2 family apartments)
- Oil heat, window AC units
- 3,816 sq ft
- Efficiency measures:  
Air sealing and insulation (exterior walls, rim joists, attic)
- Contractor: Healthy Home Energy & Consulting, Inc.

### ENERGIZE NY FINANCING

- Amount financed: \$24,000
- Interest rate: 2.94%\*
- Incentives: NYSERDA Home Performance with ENERGY STAR incentive: \$ 2,571.70
- Term: 15 years
- Annual cost to owner: \$ 2,098
- PACE enabled municipality: Town of North Salem
- Financed July 2015

*\*QECB-enhanced interest rate, Westchester County properties only*

### THE SAVINGS

Annual energy savings: 31%  
 Annual cost savings: \$ 3,148  
 Annual cost to owner: \$ 2,098  
**Annual cash flow to owner: \$ 1,050**  
 Time to positive cash flow: IMMEDIATE

*We are planning to upgrade our other properties, since these projects directly reduce our operating costs and improve our bottom line.*

*We can use the saved dollars for things that are important to us, our programs and the residents we serve.*

—Debbie Haglund, Executive Director, A-HOME



Healthy Home  
Energy & Consulting, Inc.



NYSERDA  
Supported

# Case Study

## Multifamily Affordable Housing

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photo credit NREL

### The challenge

- Senior citizen housing
- High heating and air conditioning costs
- Deferred maintenance needs
- Indoor air quality issues

# Case Study

## Multifamily Affordable Housing



### The Case for PACE

- **Total Project Cost:** \$494,406
- **NYSERDA Incentives:** \$162,000
- **Cost Financed:** \$332,406
- **Annual Payments (5-yr):** \$ 78,190
- **1st year savings:** \$128,093
- **Annual Cash Flow to Owner:** \$ 49,903
- **Time to positive cash flow:** IMMEDIATE



*Energize NY Finance provides positive cash flow on deep energy retrofits*

# Case Study

## Community House

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- Energy costs are a heavy burden
- Owner is strapped for operating cash
- Best approach is to amortize costs over the longest possible term
- Finance all fees and administrative costs
- Free up resources for other needs by generating cash flow from energy savings

# Case Study

## Community House



Community tools to recapture wasted energy dollars and reinvest them into the community.

- **Total Project Cost:** **\$334,190**
- Con Edison C&I Incentives: \$ 11,424
- Con Edison SBDI Incentives: \$ 8,900
- **The Need – Cost Financed:** **\$313,866**
- Annual Payments (20-yr): \$ 30,545
- 1st year savings: \$ 34,470
- **Annual Cash Flow to Owner:** **\$ 3,925**

### The Need - Energy Saving Measures

- Oil-to-Gas Conversion and Efficient Boiler
- Temperature Controls
- Cooling Equipment
- Building & Pipe Insulation
- Doors & Weatherproofing
- Seal Ductwork (Qualified without incentive)
- Lighting (through Con Edison SBDI Program)

# Questions + Discussion

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