

C-PACE is a government policy that enables private capital providers to provide upfront financing to non-residential property owners for qualifying improvement projects, and to collect the repayment via a surcharge on the property's tax bill. C-PACE constitutes a first lien on the property, and this security allows capital providers to offer advantageous terms including favorable interest rates, extended loan terms of up to twenty-five years, and transferability of repayment upon sale of the property. C-PACE offers a flexible, creative financing option for property owners seeking to reduce energy use, and as such can be highly beneficial to industrial and manufacturing projects.

Improvements that may be C-PACE eligible for commercial properties include:

- Lighting and controls upgrades
- Energy management systems and controls
- HVAC, chiller, or boiler improvements
- Property envelope improvements such as insulation, roofs, windows, and doors
- Water conservation improvements
- Elevator modernization
- Power-driven industry equipment
- Cogeneration, heat recovery and steam traps
- Renewable energy generation

Energy expenditures form a critical component of the complicated equation that constitutes a business's operating costs. Investing in energy efficiency is advantageous for two reasons:

- 1 For businesses with high operating costs, even minor efficiency improvements can have dramatic financial impacts that improve net operating income.
- 2 Energy expenditures are more easily manipulated to yield savings than more independent costs such as price of raw materials, the impact of marketing investments, or variations in demand.

Why the Manufacturing and Industrial Sectors Like C-PACE

A financing tool that promotes cash flow for capital expenditures. C-PACE helps property owners achieve greater cash flow by facilitating immediate energy savings while deferring repayment. Annual payments are often exceeded by annual energy savings resulting from the financed improvements, and the first payment is during the next eligible property tax cycle, usually several months to a year after closing.

An expansion of available credit. By financing property improvements using C-PACE, borrowers can save cash and borrowing capacity to address more revenue accretive business needs.

A financing option with improved flexibility. C-PACE can be used for a many different measures intended to improve energy or water efficiency. C-PACE financing is available for new construction as well as retrofit projects. Additionally, C-PACE financing repayment is transferrable to subsequent property owners.



Case Studies



Property Type: **Self-storage facility**
 Improvement(s): **Solar PV and lighting upgrades**
 C-PACE Cost: **\$1,175,189**
 Finance Term: **20 years**
 Asset Value Increase: **\$779,199**

Using C-PACE, this self-storage facility was able to finance a solar PV system and lighting upgrades increasing energy efficiency by almost 50%. Improving the asset resulted in an immediate value increase and reduced utility costs, deferring capital expenditure over the 20 year financing term.*



Property Type: **Manufacturing**
 Improvement(s): **Solar PV and roof upgrades**
 C-PACE Cost: **\$3,400,000**
 Finance Term: **30 years**

A manufacturer of confectionaries used \$3.4 MM of C-PACE financing to improve the facility with solar PV and energy efficient roofing upgrades. The energy savings resultant from C-PACE financed improvements are greater than the annual utility costs, resulting in a net gain for the business.*

**Case studies are representative of actual C-PACE projects/savings

SAMPLE SCENARIO

\$1.0 MM efficiency project that produces \$100,000 USD 2020 in first year energy savings.

Financing Options Comparison		Self-funded	Traditional Lending	C-PACE Financing	
Project Cost:	\$1,000,000	Out-of-pocket investment	(\$1,000,000)	(\$200,000)	\$0
Annual Savings:	\$100,000	Utility Savings Year 1	\$100,000	\$100,000	\$100,000
Traditional Lending		Annual Payment	\$0	(\$179,702)	(\$90,756)
Loan Term	5 years	Cash Flow Impact Year 1	(\$900,000)	(\$324,627)	\$9,244
Interest Rate	4%	Net Cash Flow Impact Year 3	(\$700,000)	(\$573,881)	\$27,731
C-PACE Financing		Years to Project Payback	10	13.23	IMMEDIATE
Loan Term	20 years				
Interest Rate	6.5%				

To learn more about C-PACE, visit [the website of the MD-PACE Program](#), a statewide program founded to assist property owners in accessing C-PACE financing for eligible projects. On this website, interested property owners will find a comprehensive list of C-PACE capital providers in Maryland, learn about the application process for C-PACE financing, and see local case studies and press releases for closed projects.

To contact the MD-PACE Program, please email info@md-pace.com

