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Connecticut Establishes Commercial Property Assessed Clean Energy Program

Connecticut's Commercial Property Assessed Clean Energy program (C-PACE) provides eligible owners 100 percent upfront access, with no money down, to low, fixed-rate, long-term (up to 20 years) financing for qualifying energy efficiency and clean energy improvements to their buildings.

PROGRAM DESCRIPTION

C-PACE allows building owners to finance qualifying energy efficiency and clean energy improvements by placing a voluntary assessment on their property tax bill. Similar to a sewer tax assessment, capital provided under the C-PACE program is secured by a lien on the owner's property tax bill and paid back over time. Like other benefit assessments, C-PACE is a nonaccelerating, senior lien secured by the property. The repayment obligation transfers automatically to the next owner if the property is sold and, in the event of default, only the payments in arrears come due.

PROGRAM ELIGIBILITY

Commercial, industrial, and multifamily (five or more dwelling units) building owners who are current on property taxes, assessment payments, and mortgage payments are eligible for C-PACE financing. To be eligible, a property owner must demonstrate an acceptable reason for any lien, default, or judgment applicable to the property. If a property has a mortgage, consent of the mortgage holder is required. In addition, the property must be located within a municipality that has adopted a resolution to join the C-PACE program. The applicant must be the legal owner of the property, and all the legal owners of the property must agree to participate.

Qualifying projects must be "permanently affixed" to the property and designed so the periodic payments on the assessment will be less than the energy savings realized (i.e., have a Savings to Investment Ratio greater than one over the entire term of the loan). An energy audit or renewable energy system feasibility analysis of the qualifying property may be required to assess the expected energy cost savings of the improvements over their useful life.

ADMINISTERING AUTHORITY

C-PACE is administered by the Clean Energy Finance and Investment Authority (CEFIA), the nation's first full-scale finance authority devoted to clean energy investment. CEFIA ensures that projects meet C-PACE's standards and assists owners in auditing and planning eligible upgrades. CEFIA is responsible for assuring that loans are available only for upgrades that meet C-PACE's clean energy standards and cost less than their projected savings over the life of the loan. A selection of preapproved capital lenders is maintained by CEFIA, but C-PACE

participants may use other investors.

ELIGIBLE MUNICIPALITIES

Municipalities interested in extending this type of financing to their property owners must opt in to the C-PACE program by passing a resolution through their legislative body and entering into an agreement with CEFIA. Through the agreement, the municipality agrees to assess, collect, remit, and assign benefit assessments to CEFIA in return for energy improvements for benefited property owners within the municipality and for reimbursement of costs reasonably incurred by the municipality in performing such duties. A total of 38 municipalities have opted in to C-PACE as of June 12, 2013.

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