

How C-PACE is Self-Funding for Solar Projects

What do we mean by saying C-PACE is “self-funding?” Quite simply, it means the reduction in your building’s operating costs after C-PACE-funded improvements typically exceed C-PACE debt payments.

As an example, let’s assume you’re undertaking a project to install solar panels on your roof.

Assumptions:

- System Size: 560kW
- Amount Financed \$859,840
- Avg. Annual Energy Savings* \$90,000
- Annual C-PACE Payment (25 yrs)** \$81,181

**reduction in energy bill*

***indicative only and subject to due diligence and changes in interest rates*

For simplicity, 7 years presented although financing is for 25 years.

Year	1	2	3	4	5	6	7
Reduction in Energy Bill	90,000	90,000	90,000	90,000	90,000	90,000	90,000
C-PACE Payments	<u>81,181</u>	<u>81,181</u>	<u>81,181</u>	<u>81,181</u>	<u>81,181</u>	<u>81,181</u>	<u>81,181</u>
Net Savings	8,819	8,819	8,819	8,819	8,819	8,819	8,819
Cumulative Net Savings	8,819	17,638	26,457	35,276	44,095	52,914	61,733

As shown above, the reduction in the energy bill of \$90,000 exceeds the C-PACE payments by \$8,819 per year. Cumulative savings reach \$61,733 by the end of year seven and will continue to increase over the remaining 18 years.

Let’s look at the big picture. You’ve just increased the value of your building with \$0 out of pocket up- front since C-PACE provided 100% financing. Plus, your net cash flow will increase as will NOI or EBITDA depending on whichever measure applies to your business.

Better yet, the example above excludes the 30% ITC which is a dollar for dollar reduction in the total cost of the installation. We can help you understand the ITC, particularly with respect to how it can increase to 60% in some cases.

Feel free to contact us to learn more.