



THE ILLINOIS  
ENERGY  
CONSERVATION  
AUTHORITY NFP




# FOX VALLEY SUSTAINABILITY NETWORK

JANUARY 31, 2020

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CHRIS TOTH, PLANNER



Property  
Assessed  
Clean  
Energy  
(PACE)

- National Program recognized as PACE or C-PACE (Commercial Property Assessed Clean Energy)
- Known as KEEP in Kane County: the **Kane Energy Efficiency Program** (so as not to be confused with the Illinois transportation program known by the national acronym)



# Kane Energy Efficiency Program (KEEP)

- KEEP is a financing option for commercial property owners to fund energy efficient measures for their properties.
- Offers 100% funding through local and state governments.
- KEEP Improvements are permanently affixed to the property.
- Most commercial property types are acceptable including:
  - Retail.
  - Industrial Facilities.
  - Multifamily (greater than 4 units).
    - HOAs are not allowed.
  - Hospitality.
  - Office.
  - Affordable Housing (greater than 4 units).
  - Agricultural (fixed asset improvements)
  - Other Types on Case-By Case Basis.
- KEEP is a voluntary program.

# PACE Programs

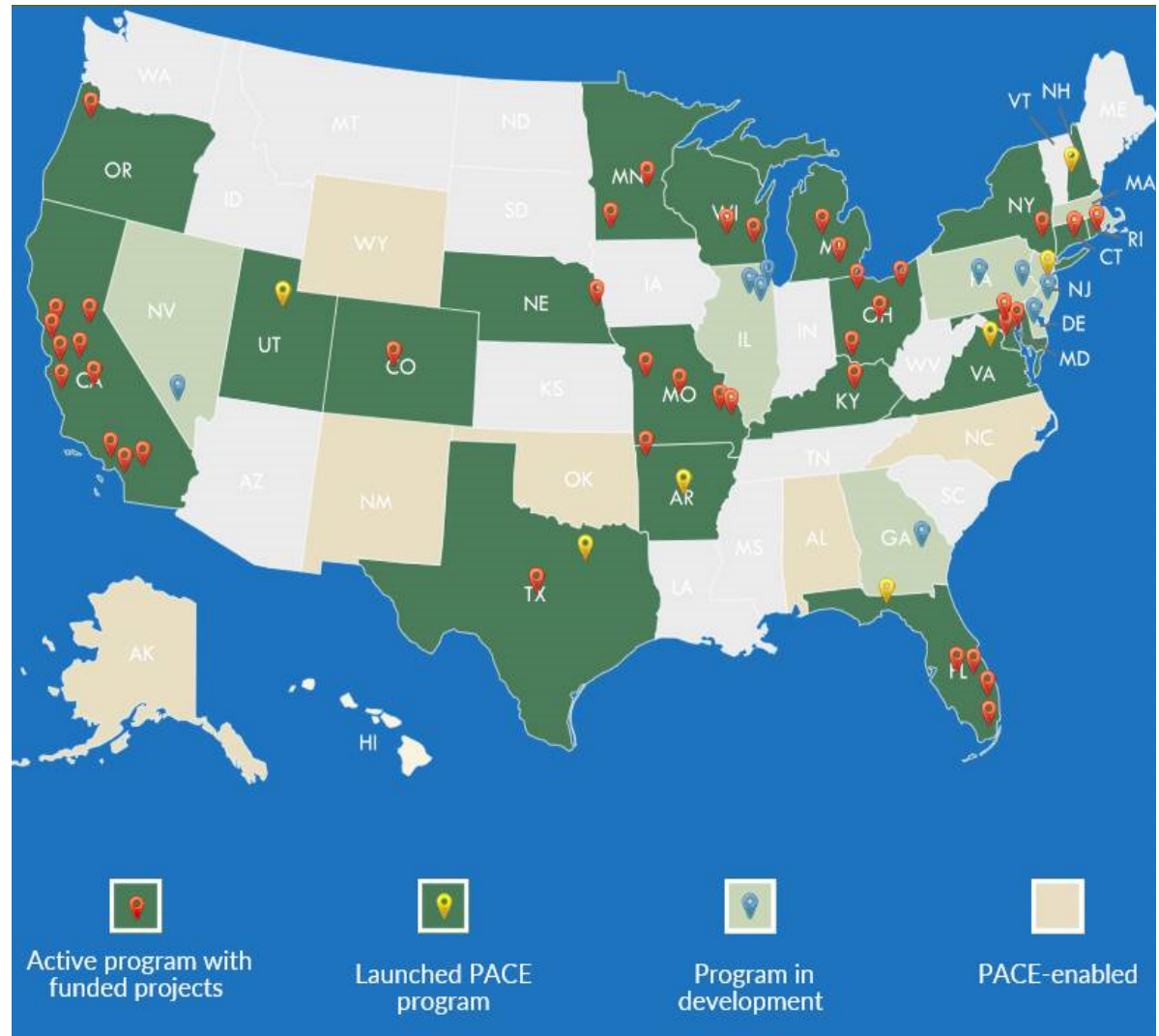
## Commercial PACE (2011-19):

\*Over \$1 Billion financed

\*Over 2,000 Projects completed

\*17,000 Jobs created

Source: PACE Nation



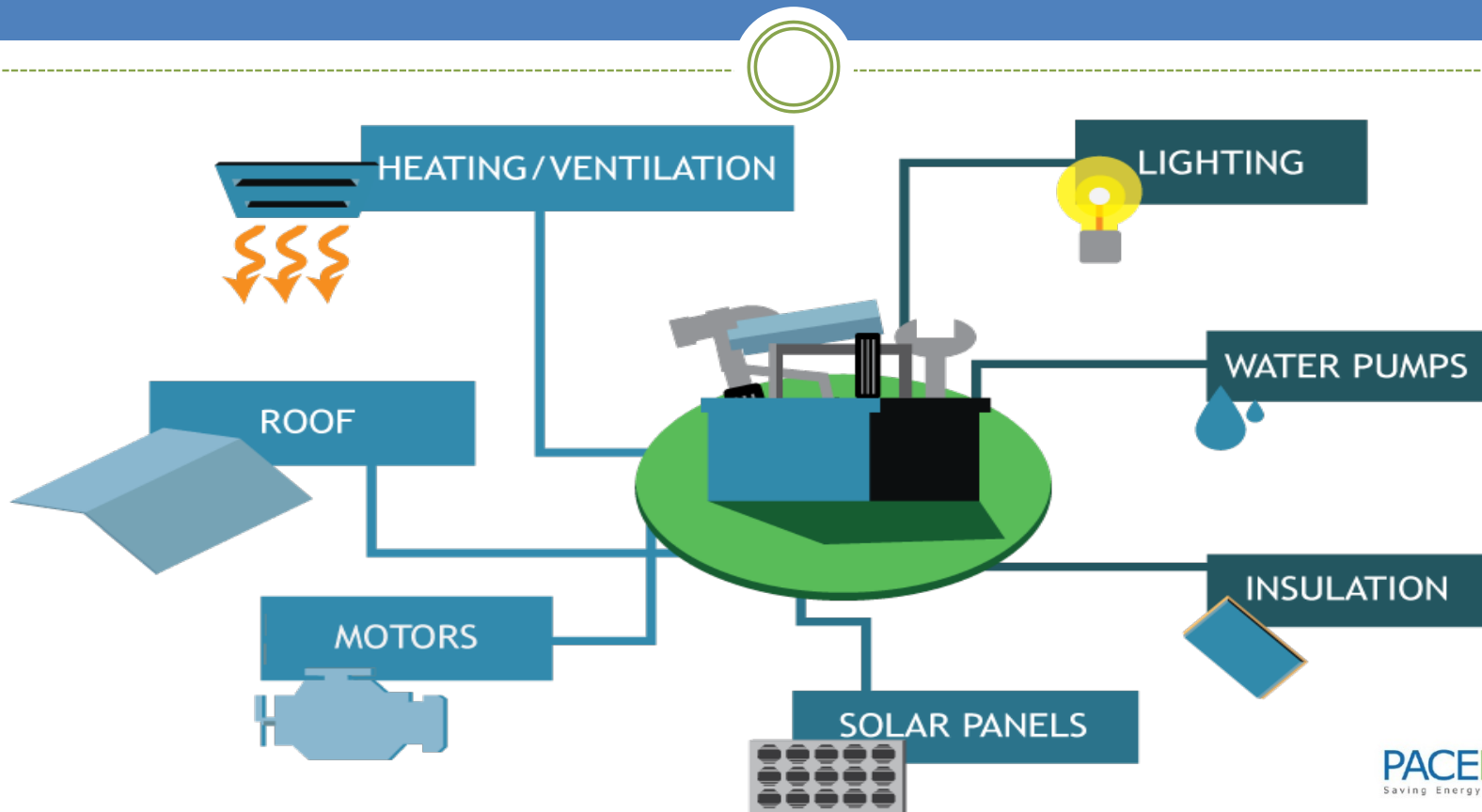


## IECA

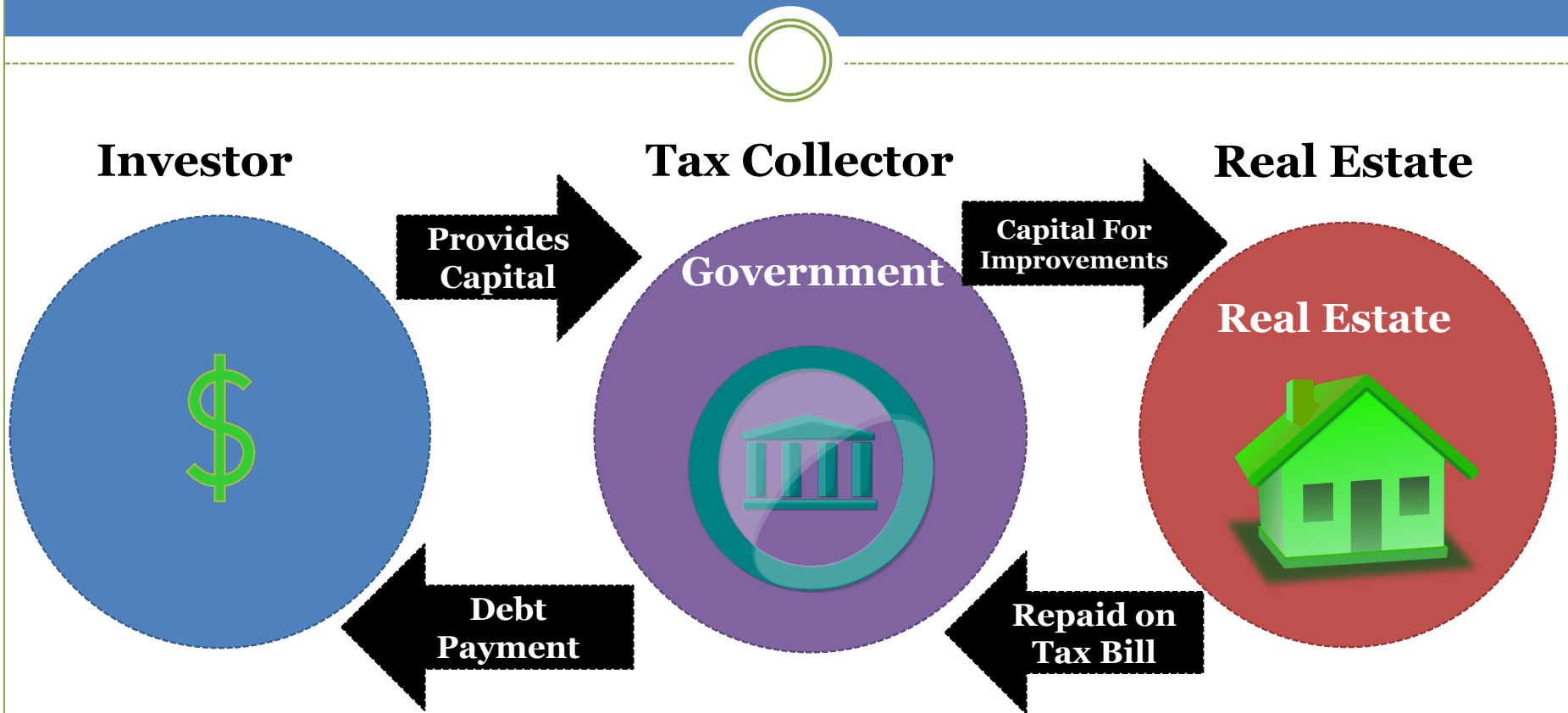
WHO is the  
Illinois Energy  
Conservation  
Authority  
(IECA)?

The Illinois Energy Conservation Authority NFP (IECA), comprised of nationwide industry experts, is an Illinois not-for-profit corporation (501c3 non-profit status in process) which has been at the forefront of developing Commercial Property Assessed Clean Energy (C-PACE) programs in Illinois (IECA PACE Program).

# KEEP Program Eligible Improvements



# KEEP Program Process





# Why KEEP?

## ➤ **Main BARRIERS** to Energy Efficient Upgrades:

- Capital
- Difficulty finding financing sources
- Loans secured by mortgages are due on sale of property





## Why KEEP?

### Property Owner Perspective

- No upfront capital needed- 100% financing
- Allows access to energy efficient technology, that might have been unavailable to the property owner otherwise
- Energy savings can increase a property value and cash flow
- Lien runs with property, not with property owner (non-recourse and can be reflected off Balance Sheet—consult with your tax advisor)
- Up to 25 years term fully amortizing.
- Assessment term matches the useful life of improvements



## Why KEEP?

### Contractor / Architect Perspective

- Provides a value-add Client service
- Easier Client approval on projects
- Helps meet schedules for industry-mandated and code-required upgrades
- Enables coordination of building systems, likely not possible, otherwise, due to financial constraint



## Why KEEP?

### Municipal Perspective

- \$0 net costs to “Issuer”/Government Body
- Economic development and job creation within the approved area
- Available to all constituents with qualifying properties
- Increased property value due to modernization
- Beneficial for environment



## Why KEEP?

### Lender Perspective\*

- Finances Property Improvements up to 100%, increasing Property Value, while leaving in place the current Lender commitment
- Allows Capital Expenditures to be added on a non-recourse basis
- Could increase Property Value, thus lowering Lender LTV
- In case of default, KEEP's priority over the Mortgage is for current tax payments ONLY – no acceleration of the entire KEEP/PACE debt

# FIRST Illinois C-PACE Deal



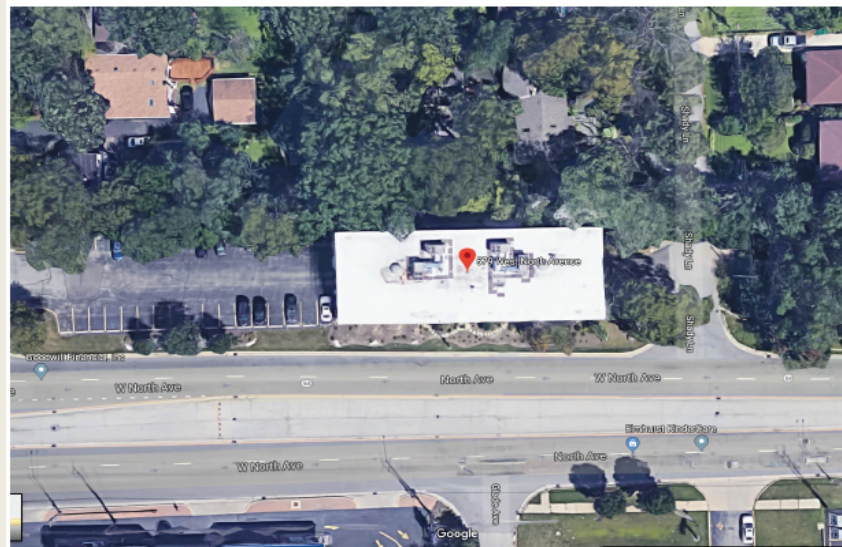
- **Industrial Flex Space**
- Roof Replacement and Solar PV System
- Approx. 23,800 Square Feet
- Financing – \$318,000 Approved C-Pace
- Term – 25 Years
- Capital Provider – Inland Green Capital LLC
- Vendor – Bright Life Renewable Energy LLC
- Anticipated Annual Utility Savings of \$10,075, aside from grants, incentives, and rebates
- Energy Savings: 26,785 kWh, saving 71.5 metric tonnes of CO<sub>2</sub>e from the environment



# Second Illinois C-PACE Deal



- **Office Space**
- Window Retrofit
- Approx. 14,000 Square Feet
- Financing – \$94,019 Approved C-Pace
- Term – 25 Years
- Capital Provider – Inland Green Capital LLC
- Vendor – Riggsby Companies LLC
- Anticipated Annual Utility Savings of \$5,900, aside from grants, incentives, and rebates
- Energy Savings: 2,700 therms and 38,500 kWh annually, saving 36 metric tonnes of CO<sub>2</sub>e (1900 lbs of CH<sub>4</sub> Methane & 500 lbs of NO<sub>2</sub> Nitrogen Oxide) from the environment



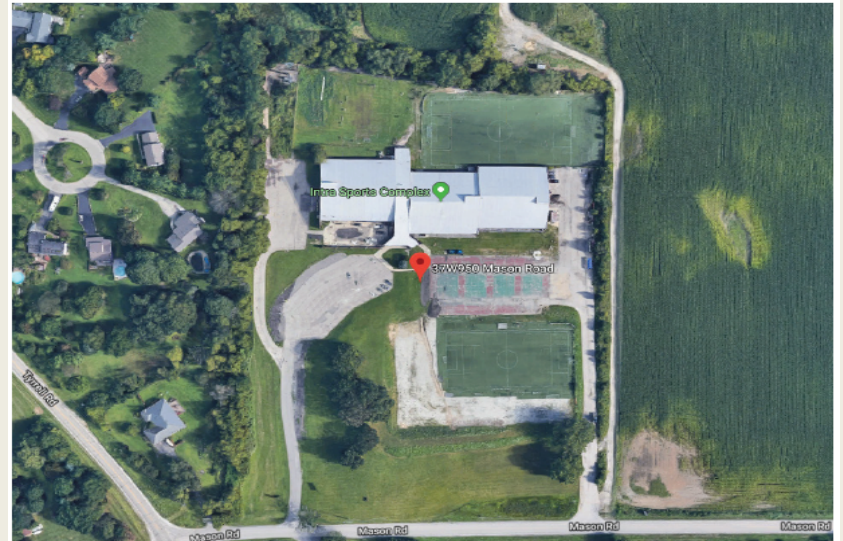
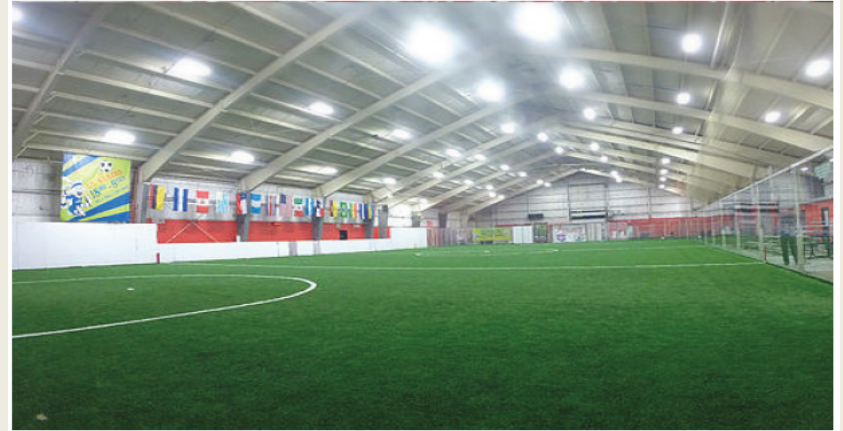


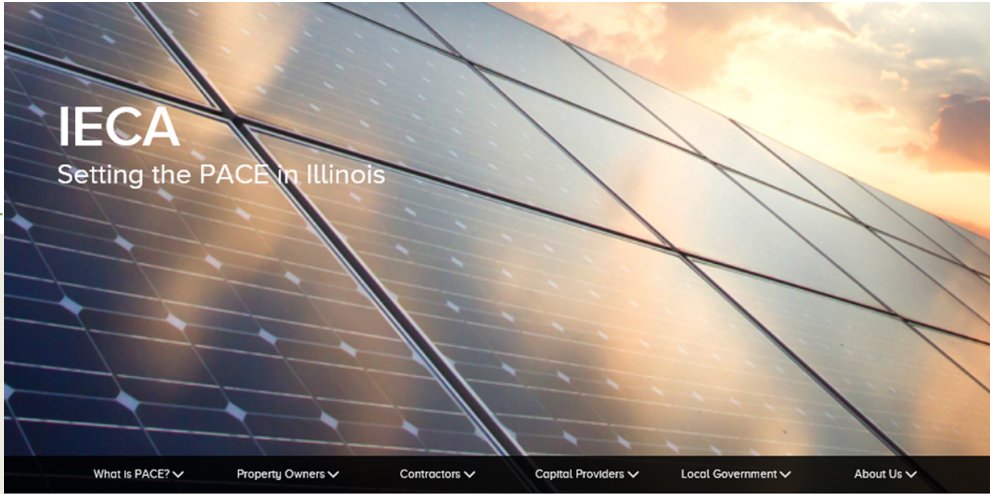
# FIRST Kane County KEEP Deal\*

## Industrial Flex Space

- Roof Replacement and Solar PV System
- Approx. 48,000 Square Feet
- Financing – \$351,136 Approved C-Pace
- Term – 20 Years
- Capital Provider – Inland Green Capital LLC
- Vendor – Bright Life Renewable Energy LLC
- Anticipated Annual Utility Savings of \$9,330, aside from grants, incentives & rebates
- Energy Savings: conserving 115,000 kWh, saving 64.9 metric tonnes of CO<sub>2</sub>e from the environment

\* Kane Energy Efficiency Program (C-PACE)





## Overview

Property Assessed Clean Energy or C-PACE is an innovative financing tool that provides low-cost, long-term funding for energy efficiency, renewable energy and water conservation projects in commercial buildings. Property owners obtain 100% upfront financing from private capital providers for up to **30** years for improvements such as HVAC, lighting and solar PV in both existing buildings and new construction projects.

One of the distinguishing features of C-PACE is that it is secured by a special assessment lien on the property, and is repaid as a line item on the property tax bill. Because it "runs with the land", the C-PACE special assessment does not accelerate or become due upon sale, allowing property owners to invest in deeper retrofits without paying off the financing in the short term.

Nationwide, C-PACE has been enabled in 36 states, including the District of Columbia and has expanded into Canada and Europe. In Illinois, DuPage and Kane Counties are in the process of establishing their C-PACE programs which will be administered by the Illinois Energy Conservation Authority (IECA), an Illinois not-for-profit corporation. The principals of IECA have been at the forefront of developing C-PACE programs in Illinois, including working with stakeholders to develop the C-PACE law and working to adopt and implement C-PACE programs around the state and country.



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