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Proposed C-PACE legislation offers new financing options for solar projects

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As commercial solar projects continue to gather steam in Massachusetts, the state has positioned itself as one of the top states in the country for renewable energy. The SREC and SREC II programs, coupled with attractive federal tax incentives, have made Massachusetts a great place to deploy solar photovoltaic (PV) energy solutions. Considering that buildings consume 49% of all energy used in the United States and account for 75% of electricity usage, placing energy efficient projects as a high priority at the state and municipal level makes a lot of sense.

Now, thanks to a proposed bill (S.177) in Massachusetts that would allow Commercial Property Assessed Clean Energy (C-PACE), there's potential for Massachusetts to become even more solar-friendly to businesses. The Massachusetts Senate Committee on Ways and Means is currently reviewing the bill, and if passed, C-PACE would allow commercial property owners to receive a new type of financing for their solar project.

Under the C-PACE initiative, a building owner can finance their solar array through the Mass Development Bank with 100% financing for up to 20 years at a low-rate. The loan would be repaid along with the quarterly tax bill on the property. Since the loan is connected to the property, it would not tie up the owner's credit line. If the owner sold the building, for example, the loan would transfer to the new owner. The proposed legislation also includes a similar initiative for residential clean energy projects simply called PACE.

The C-PACE legislation enables MassDevelopment, a quasi-state real estate funding agency that already issues bonds to the capital markets, to handle PACE financing, making it easier for municipalities in Massachusetts to offer C-PACE financing. Also, S.177 will allow projects related not only to renewables and energy efficiency, but also to climate change resiliency investments.

C-PACE financing is either implemented or under legislative review in 31 states. If passed in Massachusetts, S.177 would create another very attractive financing option and incentive for property owners looking to deploy solar or other renewable energy solutions.

The Massachusetts Green Buildings Council Massachusetts chapter has been heavily involved in sponsoring this initiative, and has a great website that provides background and benefits on the initiative, updates on its progression through the state legislature, and contact information for how Massachusetts commercial business owners can show their support.

Visit www.usgbcma.org/PACEfinancing for more information as this initiative progresses or contact Solect for more information on how you can support the C-PACE legislation.

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