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Helping small businesses finance energy efficiency projects with C-PACE - by Jeffrey Diehl

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Jeffrey Diehl

Commercial property owners in Rhode Island and across the nation are working hard to reduce their environmental impact while also reducing energy costs through investments in building efficiency, solar energy, and other renewable energy sources. For larger, well-financed commercial property players, efficiency and renewable projects are relatively easy to finance. But for smaller businesses who own their own real estate, major efficiency upgrades and investments in renewable energy can be a challenge.

Recognizing this market gap while also working to reduce overall emissions in the Ocean State, the Infrastructure Bank has been aggressively marketing our Commercial Property Assessed Clean Energy (C-PACE) program to R.I.'s small business community.

The benefits of C-PACE for small businesses looking to upgrade their energy efficiency are significant, providing up to 100% project financing at a fixed rate for up to 25 years. This means that no upfront, out-of-pocket costs, and no personal guarantees are needed to make energy efficiency and renewable energy projects a reality. Repayment occurs via an assessment on the property and typically the energy cost savings from these upgrades outweigh the assessment payment.

Two recent C-PACE financed projects show just how well the program can work for small businesses.

McQuade's ACE Hardware in Westerly is one of the town's best-known hardware stores. General manager Mark McQuade was interested in the possibility of roof mounted solar but after a recent full remodel of the store was unsure how to finance the solar project. Working with the Infrastructure Bank and Greenworks Lending, \$448,000 in C-PACE financing allowed the store to construct a 200.2 kW roof mounted solar installation that will reduce 2,683 tons of CO2 emissions and save \$1.1 million in electricity costs over the expected 20-year useful life of the project. With no money out of pocket and C-PACE covering all costs, the project was cash flow positive from day one.

Green Line Apothecary in Providence is a pharmacy and soda fountain inspired by vintage apothecaries. With green in its name, President and COO Ken Procaccianti wanted his building to be energy efficient. Using Green Line's own capital, the company installed building upgrades in 2019 including LED lighting and high efficiency HVAC equipment, which saved the business over \$7,500 per year in energy costs. Facing the challenging business environment created by the COVID-19 pandemic, Green Line approached the Infrastructure Bank about opportunities to increase liquidity. Using C-PACE, Green Line was able to borrow \$328,000 against the value of previous efficiency improvements. Through this creative use of the program, Green Line was able to obtain a long-term, fixed-rate C-PACE loan that freed up valuable capital by using existing assets.

Whether for financing energy efficiency and renewable projects, or for freeing up capital from eligible efficiency upgrades installed any time after July 2015, C-PACE is an excellent option for small businesses looking to reduce emissions and save on energy costs.

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