

## C-PACE for New Construction Pilot

### Supporting Investment in Higher Performance New Buildings

Improving the energy performance of Connecticut's building stock is an essential component of meeting our overall state energy goals. Given the average age of commercial buildings in the Northeast is more than 40 years old, it is critical that new construction in Connecticut be designed and built to achieve the highest levels of energy performance for the many decades it will serve our businesses and residents. Making C-PACE financing available for new construction in Connecticut provides property developers and owners a unique source of capital that enables them to reach those higher levels of energy performance in their new buildings while potentially lowering the overall cost of capital for their project.

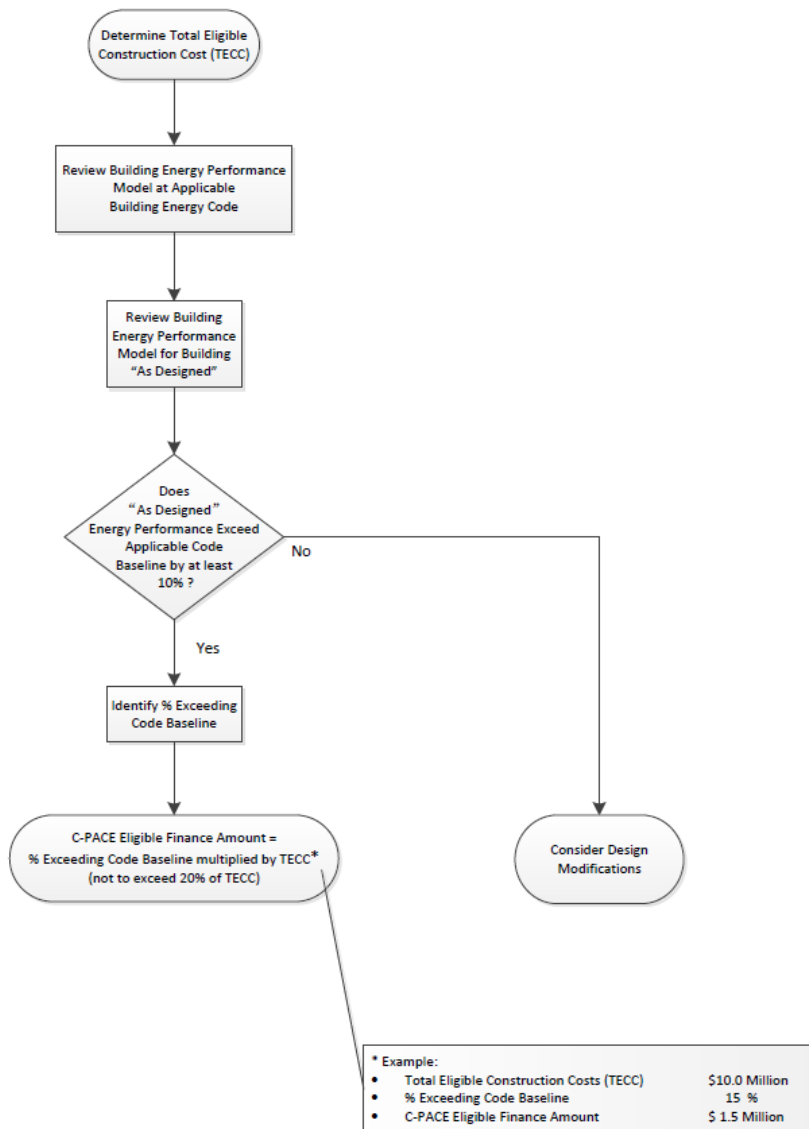
Upon issuance of these guidelines, new commercial, industrial and institutional buildings designed and built with energy performance that exceeds what is required by Connecticut building and energy codes will be eligible to receive C-PACE financing for a portion of the Total Eligible Construction Cost (TECC). The initial duration of the pilot will be two years from pilot launch date.

### New Construction Project Eligibility and C-PACE Eligible Finance Amount

Applicants under the New Construction Pilot must provide the total project construction cost by trade component to allow the Green Bank and the Technical Administrator to evaluate the Total Eligible Construction Cost (TECC). Given the lack of a pre-improvement energy baseline against which to measure energy savings and the difficulty of isolating and assigning portions of new construction costs to particular energy savings, the traditional SIR methodology for comparing savings against that baseline is not applicable. An alternate methodology will apply for determining the amount of allowable C-PACE financing based upon the level of performance beyond code requirements the building is designed to reach.

When applying for C-PACE financing in the New Construction Pilot the applicant must demonstrate using whole-building energy modeling that the As Designed Modeled Energy Performance will exceed the Modeled Energy Baseline. For purposes of this pilot, the Modeled Energy Baseline is the energy performance of the building that would be achieved if designed and built to meet Connecticut building and energy code requirements applicable at the time of submission of the application for C-PACE financing. A minimum As Designed performance improvement of 10% over the Modeled Energy Baseline is required to be eligible for C-PACE financing. The C-PACE Eligible Finance Amount for a building that demonstrates a 10% improvement over the baseline will be 10% of the Total Eligible Construction Cost. For each 1% improvement in performance over baseline, an additional 1% of Total Eligible Construction Cost will be eligible for financing up to a maximum of 20% of TECC.

### *C-PACE for New Construction Project Eligibility Flowchart*



For the purposes of the New Construction Pilot, Total Eligible Construction Cost can include costs directly related to the building's design and construction. The following is an illustrative but not exhaustive list of eligible costs:

- engineering and design expenses
- energy modeling expenses
- building core and shell
- energy consuming equipment and energy saving measures (HVAC, lighting, elevators, controls, windows, green or cool roofs, meters, etc.)

The Green Bank and Technical Administrator will ultimately determine the maximum TECC.

## Treatment of Clean Energy Generation Measures

Projects seeking C-PACE financing for clean energy generation measures only (e.g. solar photovoltaic or fuel cells) as part of a new construction project will not be evaluated using the new construction methodology and will be reviewed against the standard C-PACE upgrade requirements and SIR methodology.

Projects submitted through the New Construction Pilot can include clean energy generation as one element of the energy performance improving measures included in the project. The impact of the generation on the associated building's energy performance will not be included in the assessment of energy savings against the Modeled Energy Baseline. The costs and savings associated with the clean energy generation measure will be evaluated separately. If approved, the total eligible cost associated with the clean energy generation measure will be added to the total eligible C-PACE financing amount allowable under the New Construction Pilot. For example, if a project has a TECC of \$10 million and its As Designed energy performance exceeds the applicable energy code by 20%, it will be eligible for a maximum C-PACE financing of 20% of the TECC (\$2 million in this case). If that same project also includes a clean energy generation measure with a separately evaluated eligible cost \$500,000, the total amount of allowable C-PACE financing for the project will be \$2.5 million.

## New Construction Pilot Project Submission and Evaluation

Applicants seeking funding through the New Construction Pilot should discuss and review their projects with the Green Bank before submitting a financing application. This engagement ahead of application submission will help ensure that projects meet the requirements of the New Construction Pilot. The Green Bank reserves the right to modify the application process and approval criteria as needed during the term of the Pilot.

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## New Terms for C-PACE Program Defined

**As Designed Modeled Energy Performance** – modeled energy performance achieved if proposed building is designed and built to exceed the Modeled Energy Baseline.

**C-PACE Eligible Finance Amount** – total amount of C-PACE financing allowable. For New Construction Pilot, maximum will be 20% of TECC plus the cost of any approved clean energy generation measure.

**Modeled Energy Baseline** – modeled energy performance achieved if proposed building is designed and built to meet current Connecticut building energy code requirements. This is the baseline against which As Designed Modeled Energy Performance will be compared.

**New Construction Pilot** – Two-year pilot enabling C-PACE financing for new construction projects in Connecticut that exceed current building energy codes by at least 10%.

**Total Eligible Construction Cost (TECC)** – sum of construction costs directly related to a building's design and construction as determined by the Green Bank and Technical Administrator