

Alaska C-PACE Overview

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Annual Conference
November 18, 2019



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RELIABLE, &
AFFORDABLE
ENERGY
SOLUTIONS



The [Alaska Energy Authority \(AEA\)](#) is an independent state corporation governed by a board of directors with the mission to “reduce the cost of energy in Alaska.” AEA is the state's energy office and lead agency for statewide energy policy and program development.



What is C-PACE?

- ▶ Commercial Property Assessed Clean Energy (C-PACE) is a tool that can finance energy efficiency and renewable energy improvements for commercial property
- ▶ Adopted by over 20 states, C-PACE is a proven and effective tool to attract private capital for energy upgrades
- ▶ In 2017, legislation was passed to develop a C-PACE program in Alaska
- ▶ C-PACE allows access to favorable financing terms for improvement(s) that reduce operating costs and provide a return on investment
- ▶ A public/private partnership that benefits local governments, building owners, lenders, and contractors

Benefits for Local Governments

- ▶ Drives private sector investment, creates energy efficiencies and energy jobs, and helps municipalities/boroughs meet efficiency and clean energy standards
- ▶ No financial risk – zero tax dollars, no risk to treasury, no risk to public servants, and limited impact on public servant work load
- ▶ Builds strong local stakeholder support, demonstrates best practices/consumer protection, and the government doesn't compete with the private sector





Benefits for Building Owners

- ▶ Allows access to capital under more favorable terms
- ▶ Opportunity to undertake building improvement(s) which results in a return on investment that creates a positive impact to cash flow from energy savings
- ▶ Provides a safe investment that produces returns immediately and for years to come
- ▶ Loan payment attaches to the property rather than the business or building owner
- ▶ Verification of energy improvements through third-party energy auditors to ensure results

Benefits for Contractors

- ▶ Contractors who educate their customers on C-PACE can capitalize on energy efficiency opportunities to build more business
- ▶ Provides a finance option that helps to close more deals
- ▶ Contractors benefit from technical review services that provide credibility to the energy savings projections that they present to building owners





Benefits for Lenders

- ▶ C-PACE projects are seen as less risky than typical loans, and as a result lenders are incentivized to offer more favorable terms
- ▶ Puts the lender in the senior lien position; default rates are almost nonexistent
- ▶ The repayment obligation transfers automatically to the next owner if the property is sold
- ▶ Cost savings from the energy measure gives the borrower a better ability to repay the loan
- ▶ Allows the lender a new business line of loan products

Alaska C-PACE Advisory Group

- ▶ Alaska Energy Authority
- ▶ Alaska Industrial Development and Export Authority
- ▶ Alaska Electric Light & Power
- ▶ Alaska Growth Capital
- ▶ Alaska Housing Finance Corporation
- ▶ Alaska Municipal League
- ▶ Arctic Solar Ventures
- ▶ Building Operators & Managers Association
- ▶ City and Borough of Juneau
- ▶ Council of Development Finance Agencies
- ▶ Daylight Energy Services
- ▶ Fairbanks North Star Borough
- ▶ Genesis Energy
- ▶ Municipality of Anchorage
- ▶ Renewable Energy Alaska Project
- ▶ Siemens

Where Are We Now?

- ▶ At the start of 2019, AEA was awarded a grant from the U.S. Department of Energy to provide critical administrative assistance for implementing C-PACE in Alaska
- ▶ In the summer of 2019, AEA contracted with various entities for technical, administrative, and legal assistance
- ▶ The goal is to have C-PACE enabled in at least three municipalities in Alaska





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