

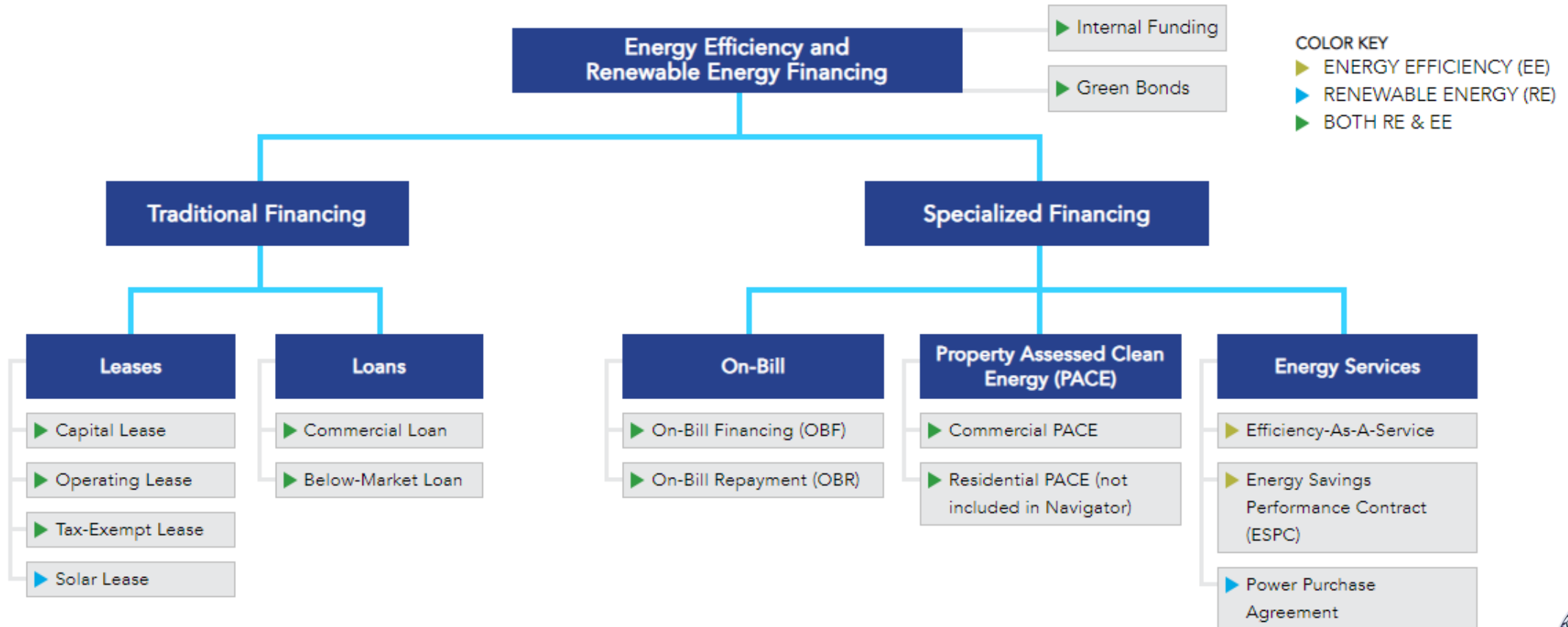
FUNDING FOR *ENERGY* EFFICIENCY

BETTINA BERGOO
ENERGY EFFICIENCY AND FINANCING PROGRAMS MANAGER
bettina.bergoo@energy.virginia.gov



ENERGY EFFICIENCY FUNDING

Overview of Options



ENERGY EFFICIENCY FUNDING

Loans and Leases

- Commercial banks
- Community Development Financial Institutions, Credit Unions
- Virginia Resources Authority
- Virginia Small Business Financing Authority
- USDA Rural Energy for America Program – Guaranteed Loans & Grants (small businesses and agricultural producers) *Additional \$2B from the Inflation Reduction Act!*



ENERGY EFFICIENCY FUNDING

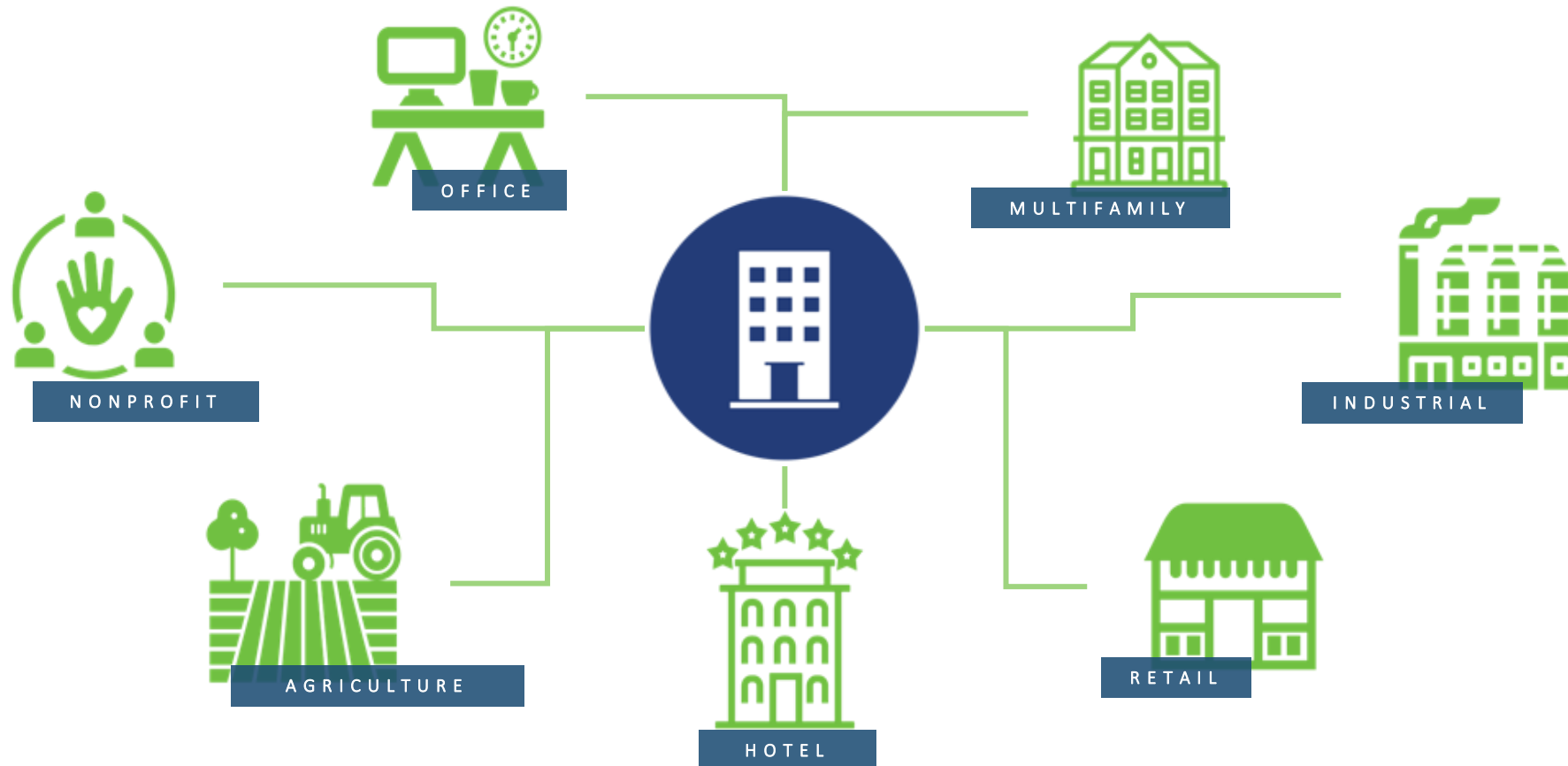
Commercial Property Assessed Clean Energy (C-PACE)

- 100% upfront financing for eligible projects and properties
- Fixed-rate, fully amortizing loans for up to 30+ years
- Secured by a voluntary special assessment lien enforced like property taxes
- Consent of all secured mortgage holders required
- Nonaccelerating: stays with property upon sale or refinance
- No personal or corporate guarantees
- *Retroactive:* Available within two years after completion



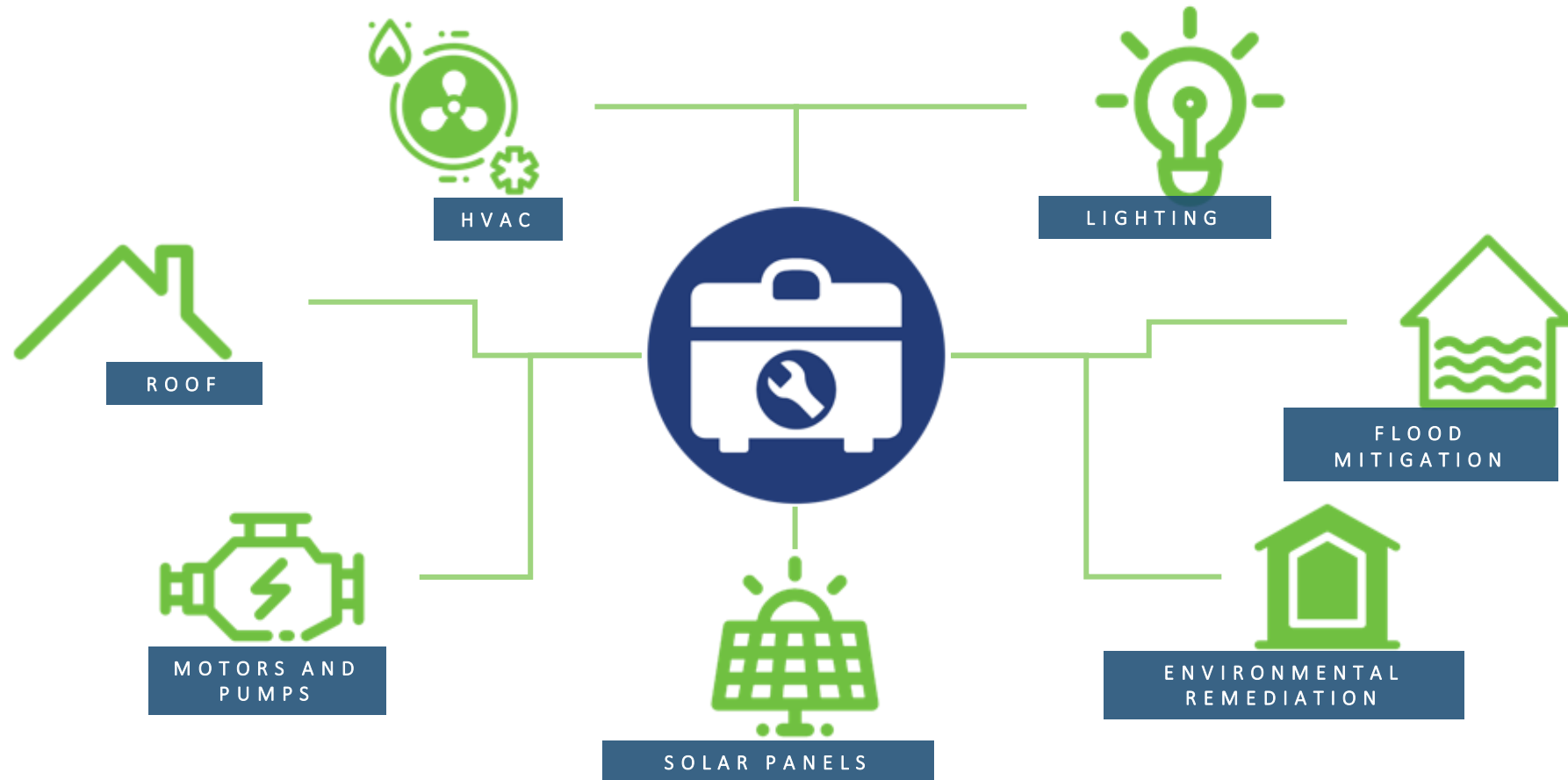
C-PACE

Eligible Properties



C-PACE

Eligible Improvements



C-PACE

Example of New Construction / Gut Rehab

TRADITIONAL CAPITAL STACK

10% Sponsor Equity

20%
Mezzanine or Preferred Equity

70%
Senior Debt

Dilutive
Short Term
Expensive
10%+

C-PACE CAPITAL STACK

10% Sponsor Equity

20%
C-PACE

70%
Senior Debt

Non-Dilutive
Long Term
Non-Recourse
+/- 7%-8%



C-PACE

Locality Opt-In Process

1

Staff Education

VPA meets with Locality staff to provide education on C-PACE

2

Document Review

Locality reviews VA C-PACE Program Documents, makes necessary modifications; Locality designates Program Manager

3

Presentation to Board/Council

VPA presents to elected officials to garner support for C-PACE (optional)

4

Public Hearing

Locality staff finalize local documents and submit for upcoming vote

5

C-PACE Adopted

Board/Council adopts Ordinance and Program Agreement, and Locality staff sign Virginia Energy- Locality Agreement

6

**Welcome to
VA C-PACE!!**



C-PACE

Program Administrator: VPA

Abby Johnson, Executive Director
abby.johnson@virginiapace.org

Ellen Dickson, Director of Marketing and Outreach
ellen.dickson@virginiapace.org

Andy Friedman, Outreach consultant
andy.friedman@virginiapace.org

www.virginiapace.org



ENERGY SAVINGS PERFORMANCE CONTRACTING

- An energy service company (ESCO) coordinates installation and maintenance of efficiency equipment
 - Project may be financed or paid for upfront
- ESCO is paid from the associated energy savings
- ESCO provides an ***energy savings guarantee!***

Energy Savings Performance Contract Structure (With Financing)

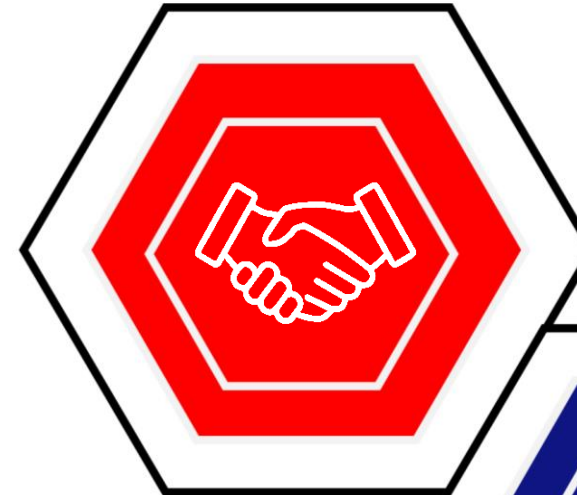


ENERGY SAVINGS PERFORMANCE CONTRACTING

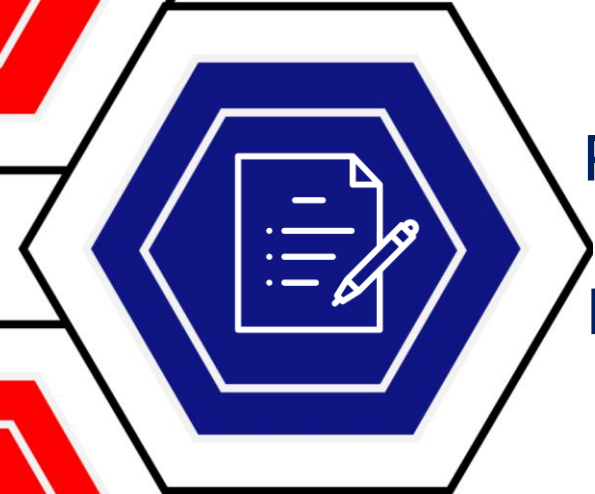
ESPC PROCUREMENT IN VIRGINIA

PROCESS

- Expedited process
- Does not require posting on state procurement site eVA
- Current contract in place until 2029



 **Energy**
PROMOTES SUPPORT
AT NO COST



PRE-QUALIFIED
VENDOR LIST
FOR PROJECTS



 **Energy**
HAS ALL FORMS,
TEMPLATES AND CONTRACTS

ENERGY SAVINGS PERFORMANCE CONTRACTING

PROJECT BENEFITS

Virginia Energy provides guidance, consultation and technical review at NO COST!



Open Book
Pricing



Negotiations
Complete Prior to
Contract Signing



Energy Audit Fee
is Negotiated



No Change Orders
*unless customer
initiated



Customer Input on
Equipment and
Subcontractors



No "Low Bid"
Requirement



Single Contract
Covers Scope of
Work

ENERGY SAVINGS PERFORMANCE CONTRACTING

PROJECT IMPLEMENTATION

Customer releases Request For Qualifications (RFQ) to ESCOs

Customer selects at least five ESCOs for Back of the Envelope (BOE) audit

BOE Audit Invitation sent to selected ESCOs

Mandatory BOE pre-proposal Conference



VIRGINIA
Energy

SUPPORT THROUGH ENTIRE PROCESS

ESCOs conduct audit and present findings at NO COST

Customer selects ESCOs and begins negotiations

Customer selects a partner(s) and signs the Memorandum of Understanding (MOU) for the Investment Grade Energy Audit (IGA)

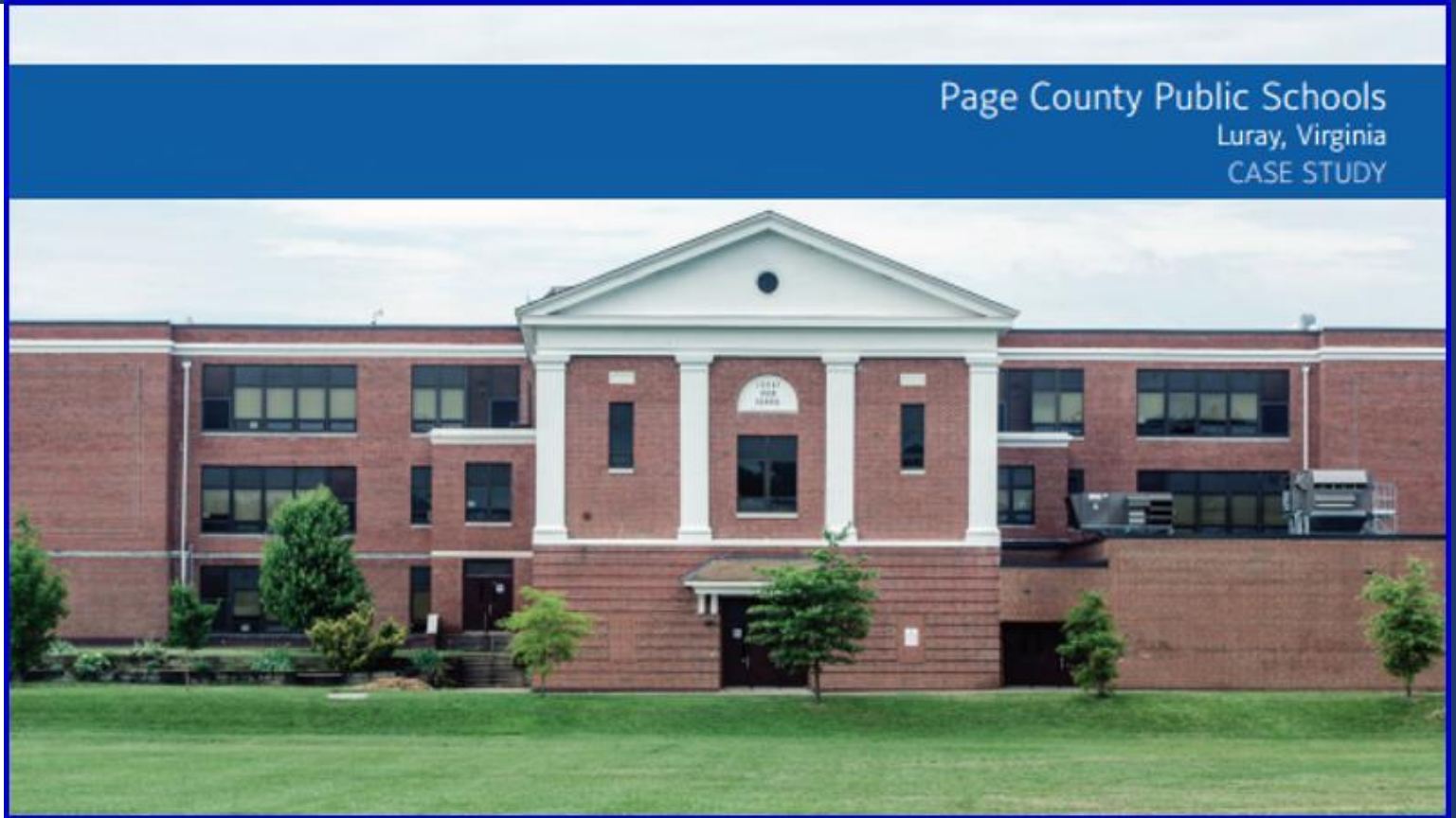
IGA presented to customer. IGA determines energy consumption and potential savings

Customer defines the project from the IGA and negotiates the energy contract

ENERGY SAVINGS PERFORMANCE CONTRACTING

CASE STUDY: PAGE COUNTY PUBLIC SCHOOLS

- \$7.5 million Energy Savings Performance Contract
- \$10.2 million expected in energy savings over 15 years.
- Johnson Controls chosen Energy Services Company
- Upgraded lighting, installed automated monitor for energy systems, upgraded HVAC systems, replace outdated boilers and rooftop units.



DEMAND RESPONSE

Program Administrator: CPower

- Available to state agencies and public localities
- Pay facilities to reduce energy load during times of grid stress or high energy prices
- Over the past three years, Virginia's Demand Response participation has generated more than \$20 million in revenue for the state



Energy Savings Performance Contracting

Charlie Barksdale

Performance Contracting Manager

(804) 840-1689

charlie.barksdale@energy.virginia.gov

Demand Response

Walid M. Daniel

Utilities and Performance Manager

(804) 382-4217

walid.daniel@energy.virginia.gov