CONTRACTOR FAQ

APPLICATION PROCESS

Q. What do you estimate for timeframes standard (full assessment) and fast track approvals?

A. The timeframes will be project-specific, and, as you would suspect, include dependence upon a number of parties outside of Green Bank, e.g., the energy auditor, the ESCO, etc., who will establish their own schedules with the building owner to complete tasks.

Q. What will be an acceptable way in the energy audit to project what the energy savings will be for the recommended ECMs?

A. Please refer to C-PACE Program Guidelines, Audit Requirements, for a full explanation. However, the exact methodology (excerpt below) for the projection of savings will be determined during the project development. It must follow ASHRAE audit guidelines and the ASTM E2797-11 standard. As is the case for all new innovative programs like C-PACE, we foresee a brief "learning curve" period for firms who haven't conducted many energy audits previously. Once the engineering community and Green Bank have reviewed and negotiated the first dozen or so deals, the "lessons learned" regarding technical submissions will be shared with all market participants, further streamlining the project submission, review and approval process.

"As a condition of financing, C-PACE legislation requires performance of an energy audit or renewable energy feasibility analysis that assesses the expected energy cost savings of the energy improvements over their useful life. Green Bank, in consultation with the applicant, and after the submission of the initial application on-line, will determine the minimum required energy audit scope of work (ASHRAE Level I, Level II or Level III) consistent with the C-PACE program technical standards. Regardless of the audit level, energy use data collection and analysis should be in substantial compliance with the ASTM E2797-11 standard."

MEASUREMENT AND VERIFICATION

Q. How will Green Bank's Program Administrator verify the energy savings once the ECMs are installed?

A. Please refer to C-PACE Program Guidelines, Performance Measurement & Verification of Energy Savings, for a full explanation. However, the exact methodology (excerpt shown below) for measurement & verification of savings will be determined during project development, the post-installation energy use and cost data must be entered into the CDMP, for Green Bank's and the TPA's review.

"For all C-PACE funded projects, contractors are to prepare an energy savings M&V plan that at the minimum provides a description of the required commissioning activities to ensure the ECMs are operating as projected by the manufacturer and as projected in the energy audit. Within the pre-agreed upon period after ECM installation, the party responsible for project implementation (or any subsequent party approved in advance by Green Bank) is to collect post-project energy use data and other pertinent data in accordance with the M&V plan. The responsible party is required to enter such data into the CDMP. Recurring M&V reporting may be required by project stakeholders (Green Bank, building owner/manager, lender or insurer). If so, the applicant will submit at the agreed upon frequency (and as also specified in the M&V plan) an energy savings verification report that describes the resultant actual energy savings in the reporting period compared to the projected energy savings."

Q. What are the O&M and M&V periods, and can they be capitalized into the financed amount?

A. As recommended to Green Bank by the utilities, the O&M period is up to five years. During this time, the cost can be capitalized into the amount financed through PACE. We will not consider a lack of O&M an event of default. Please review our technical standards on enforcement. M&V costs can be capitalized, and the M&V reporting period and costs required varies, depending on the energy measures involved in the project.

Q. If an ECM results in O&M savings other than the direct energy savings, are these also included in the savings calculations?

A. No, C-PACE legislation specifies it is the energy cost savings that are to be included in the financial analysis, including the C-PACE requirement that the savings (over the financing term) must exceed the investment, or in short, the savings-to-investment ratio.

Q. Could you elaborate on the Green Bank data management platform that all stakeholders access?

A. After reviewing the operating experience gained in other PACE programs and leading CRE energy retrofit finance programs around the country, it was evident that to ensure C-PACE program success, all stakeholders would need transparent access to key project data across the entire project life cycle. To meet this need, Green Bank relies on its data management platform (CDMP). The CDMP provides visibility to project performance data from initial project development through recurring measurement and verification to validate project success. The platform is powered by Sustainable Real Estate Solution's cloud-based software and is able to provide all interdependent stakeholders (including Green Bank management, building owners/managers, energy auditors, ESCOs, installation contractors, capital providers and insurers) with cost effective access to the key performance analytics needed to facilitate project success and drive continuous improvement. Moreover, standardizing on the CDMP ensures all interdependent stakeholders' interests are aligned and we believe will considerably reduce barriers that might adversely impact the deal.

Q. How does M&V approach limit the expense for small projects? Are standardized factors allowed instead of actual measured savings? How are weather adjustments done?

A. Please refer to C-PACE Program Guidelines Performance Measurement & Verification of Energy Savings for a full explanation. However, the exact methodology (excerpt below) for measurement & verification of savings will be determined during project development. This process will include consideration of project size, complexity, risk profile (e.g., lighting retrofit vs. cogeneration), etc. These and other factors will affect the cost of measurement & verification of the savings.

We are assuming the "standardized factors" you are referring to are things like kW ratings of lighting systems, etc. Yes, some standardized factors will be considered. We will be flexible in consideration of standardization of certain items in order to balance "M&V cost vs. savings confidence." However, "stipulation" of savings versus measurements will be allowed on a very limited basis. Weather adjustments will be made according to the 2012 IPMVP Guidelines—Concepts and Options for Determining Energy and Water Savings—Volume I. All of these items will be worked out with the contractor/owner during Green Bank's and the TPA's review.

Q. If the energy asset (PV/CHP) is producing output of power/heat that is clearly within the energy demand 365*24 of the building, can we simplify the verification by using verified output/runtime etc upfront rather than looking to the actual delta in energy use after the fact over the life?

A. No. The M&V of an energy producing asset will be measured according to the IPMVP Guidelines, just like that of a straight energy efficiency project. In fact, it is typically much simpler to conduct M&V on an energy supply asset, as it can be directly metered. This strategy is used now for all projects which secure RECs, or bid into the ISONE's Forward Capacity Market, so it is common industry practice.

SIR REQUIREMENT

Q. Who will do the Savings-to-Investment Ratio calculation?

A. The contractor will provide an audit to Green Bank and Green Bank will verify the calculations as part of its application approval process using its Third-party Technical Administrator Sustainable Real Estate Solutions, Inc. It is a Time 0 analysis, meaning the SIR will not be recalculated at some future point in time during the loan period. Construction could commence once the application is approved.

Q. Is the potential increased asset value included in the discussion of "payback," and if not, why?

A. It is not, and the reason is that the legislation does not include it, the new owner just continues to pay the property tax assessment.