

NYC Accelerator PACE Financing Program

Technical Guidance Supplement

Version 1.1

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Background

The City of New York (the “City”) has developed a program known as the NYC Accelerator PACE Financing program (the “Program”) under which qualified lenders (each, a “Lender”) can make commercial property assessed clean energy (“C-PACE”) loans to eligible borrowers to finance qualifying energy efficiency and renewable energy projects in such borrowers’ existing buildings (each, a “Project”).

Under the applicable laws, rules and requirements of the Program, Projects financed under the Program must satisfy all applicable requirements set forth in the current guidelines for the Program promulgated by the City and the City’s designated Program administrator, the New York City Energy Efficiency Corporation (“NYCEEC”, and acting in the capacity of Program administrator, the “Administrator”). As used in this document, the term “Guidelines” means the Program Guidelines, as revised September 27, 2022 (version 2.2).¹ Capitalized terms used but not otherwise defined in this document have the meanings given in the Guidelines.

In addition to meeting the requirements set forth in the Guidelines, under the applicable laws, rules and requirements of the Program, Projects must also satisfy certain technical criteria established by the New York State Energy Research and Development Authority (“NYSERDA”). To memorialize these requirements, NYSERDA has promulgated various guidance documents which are available online.² These NYSERDA documents include, among others, the NYSERDA document entitled “*Municipal Sustainable Energy Loan Program – Commercial Property Assessed Clean Energy (PACE) Guidance Document*” dated December, 2022 (the “NYSERDA General Guidance”) and the NYSERDA document entitled “*Guidance for Calculating a Cost Benefit Ratio (CBR)*” dated June 8, 2018 (version 4) (the “CBR Guidance”).

Purpose of this Document

This Technical Guidance Supplement document (this “Supplement”) has been developed pursuant to Section 4 of the Program Guidelines. This Supplement is intended to serve as a supplement to the NYSERDA General Guidance and the CBR Guidance, and to provide additional requirements, information and context, particularly as it relates to the Program’s “Technical Certification Workbook” described in Section 4 of the Guidelines (the “Workbook” or the “TCW”).

¹ The current version of the Guidelines is available on the [Program Website](#).

² Such guidance documents are available here <https://www.nyserra.ny.gov/All-Programs/Commercial-Property-Assessed-Clean-Energy>

Building Baseline Energy Usage

In order for a building to satisfy the Program’s technical requirements for receiving a C-PACE loan under the Program, the historical “baseline” energy usage of the building must be determined in a manner consistent with all applicable Program requirements and entered into the Workbook. For purposes of determining such historical “baseline” energy usage, the building’s average annual energy usage over the last three-year period must be used. The operational assumptions and design of the baseline building for purposes of the energy analysis must reflect the actual building characteristics and operation. Changes in expected use of the building and resulting changes in the baseline energy consumption to which the energy efficiency benefits are applied must be substantiated with back-up documentation provided to the Administrator.³ Per the NYSERDA General Guidance⁵, historic structures that are currently vacant, or for adaptive re-use in existing structures, or where historical energy data does not exist, or for any proposed changes in building usage or additions, an alternate energy consumption baseline, based on the proposed usage, must be provided. Any adjustments or changes to the actual baseline energy usage must be substantiated with back-up documentation provided to the Administrator. If the project building is smaller than 25,000 square feet, the previous three years of billed utility consumption data must be provided to the Administrator.

Utility Rates

In order for a building to satisfy the Program’s technical requirements for receiving a C-PACE loan under the Program, the blended utility rates for the building must be determined and entered into the Workbook. The blended utility rates used in the Workbook must conform with NYSERDA’s CBR Guidance and must be calculated as follows: blended utility rate for a particular utility shall be equal to the total cost for that utility over the last three years *divided by* the total consumption over the last 3 years with all values based on billed data. Any exceptions must be described and substantiated with back-up documentation and calculations.

Energy Savings Calculations

In order for a building to satisfy the Program’s technical requirements for receiving a C-PACE loan under the Program, the estimated energy savings expected to result from the Project must be calculated and entered into the Workbook. These energy savings calculations must conform to the current version of the “New York Standard Approach for Estimating Energy Savings from Energy Efficiency Programs” (the “Technical Resource Manual” or “TRM”) as stated in NYSERDA’s CBR Guidance and, where applicable, Normative Appendix G, Performance Rating Method as described in Appendix CA of the current version of New York City Energy Conservation Code (the “NYCECC”).⁴

Energy Modeling

Energy modeling undertaken in connection with a given Project must conform to the requirements and guidelines in Normative Appendix G, Performance Rating Method as described in Appendix CA of the latest version of New York City Energy Conservation Code.⁵

³ As used in this document, the adequacy of the term “back-up documentation” will be determined by the Administrator, in its sole discretion.

⁴ The current version of the NYCECC is available at: <https://www1.nyc.gov/site/buildings/codes/energy-conservation-code.page>

⁵ The current version of the NYCECC is available at: <https://www1.nyc.gov/site/buildings/codes/energy-conservation-code.page>

As required by the NYSERDA General Guidance⁶, input data for the building and for each proposed Energy Efficiency Improvement or Renewable Energy System, must be presented, in documentation supplied to the Administrator, in a manner which allows easy identification of input parameters. Output data from the energy model with clear and precise presentation of the results in both tabular and narrative forms must be provided to the Administrator.

Pre-Qualified Energy Efficiency Improvements

Pre-Qualified Energy Efficiency Improvements are deemed cost-effective and are not required to be included in the Savings to Investment Ratio (“SIR”) calculation, though they are still required to be included in an energy audit and to provide energy and cost savings per the Energy Savings Calculations section above. Neither the costs nor associated savings for Pre-Qualified Energy Efficiency Improvements will be included in SIR calculations. If the Project consists entirely of Pre-Qualified Energy Efficiency Improvement(s), there will be no SIR calculation. However, in such an instance, as noted above, the energy and cost savings must still be provided. The Program allows the following Pre-Qualified Energy Efficiency Improvements which are stated in the “List of Cost-Effective Energy Efficiency Improvements” section of the NYSERDA General Guidance⁶:

- Electric heating ventilation and cooling (“HVAC”) systems with efficiencies that meet or exceed the requirements of the version of the New York State Stretch Energy Code or applicable local energy code(s), in effect at the time of design approval by the local building authority, whichever is more stringent.
- Electric domestic hot water systems with efficiencies that meet or exceed the requirements of the version of the New York State Stretch Energy Code or applicable local energy code(s), in effect at the time of design approval by the local building authority, whichever is more stringent.
- Electric energy recovery ventilators that meet or exceed the requirements of the version of the New York State Stretch Energy Code or applicable local energy code(s), in effect at the time of design approval by the local building authority, whichever is more stringent.

Measures qualifying as Pre-Qualified Energy Efficiency Improvements remain eligible as Energy Efficiency Improvements and, as such, can alternatively be submitted through the SIR methodology, where their associated costs and savings would be included in the SIR test.

Effective Useful Life of a Measure

The effective useful life or “useful life” of Energy Efficiency Improvements must be determined by reference to the current Technical Resource Manual.⁷ For Renewable Energy Systems, solar photovoltaic or solar thermal systems system life is determined by the provided manufacturer’s warranty for the installed product or useful life equivalent to the contracted term of managed operations and maintenance (“O&M”) services. Combined heat and power plants, fuel cells, and battery or thermal storage shall have an effective useful life of ten (10) years or a useful life equivalent to the contracted term of managed O&M services, whichever is greater. Signed and dated O&M contracts or warranties must be provided to the Administrator as back-up if used to determine the useful life of a measure.

⁶ The NYSERDA General Guidance is available at: <https://www.nysERDA.ny.gov/All-Programs/commercial-property-assessed-clean-energy>

⁷ The current version of the NYSERDA TRM is available at: <https://www3.dps.ny.gov/W/PSCWeb.nsf/All/72C23DECF52920A85257F1100671BDD>

Energy Storage

Energy storage is eligible for C-PACE financing and if included as part of a Project, information on the energy storage system must be included in the Workbook per the following guidance. Only the energy storage scope, “Measure Type”, cost, “Effective Useful Life”, and “Other Annual Savings” information should be entered in the Workbook. The Other Annual Savings field shall include the total cost savings for the measure, including applicable: energy and demand savings, demand response revenue, O&M savings, and avoided New York City Local Law 97 of 2019 (“Local Law 97”) penalties. No energy, greenhouse gas, or Local Law 97 information will be entered in the Workbook and must be provided to the Administrator separately as back-up documentation. Back-up documentation must be provided to the Administrator summarizing the build-up to the value input into Other Annual Savings in the Workbook, including the energy storage system design, specifications, energy usage and savings, Local Law 97 avoided penalties (if applicable), and proposed operation.

Eligible “Other Savings” and “Ancillary Measures”

“Other Savings” entered into the Workbook can include savings described in the “Total Savings” section of the current version of the CBR Guidance.⁸

Additionally, pursuant to the NYSERDA General Guidance⁹ certain “ancillary measures” (as referenced in the NYSERDA General Guidance), which must be accomplished for an Energy Efficiency Improvement or Renewable Energy System to proceed, may be included in the related C-PACE loan financing. Ancillary measures that must be accomplished for health and safety reasons, such as lead abatement, mold mitigation, or asbestos remediation, may be excluded from the SIR calculation. Other, non-health and safety ancillary measures that must be accomplished for an Energy Efficiency Improvement or Renewable Energy System to proceed, such as roof repairs, must be included in the SIR calculation.

In all cases, figures entered into the Workbook concerning “Other Savings” and “Ancillary Measures” must be directly related to a specific Energy Efficiency Improvement or Renewable Energy System and must be substantiated with documentation provided to the Administrator.

Local Law 97 Analysis and Avoided Penalties

The building occupancy types provided for the Local Law 97 calculation in the Workbook must be consistent with “Property Types in Portfolio Manager” as contained in Energy Star Portfolio Manager’s current list.¹⁰ Gross floor areas must be consistent with publicly available building records. Any adjustments or variations from publicly available data must be substantiated with back-up documentation provided to the Administrator.

Pursuant to Local Law 97, penalties are applicable from 2024 through 2035. Starting in 2024 the avoided penalties resulting from Local Law 97 fines are counted as savings in the SIR calculation in the

⁸ The current version of NYSERDA’s “Guidance for Calculating the Cost Benefit Ratio” (CBR) is available at: <https://www.nyserdera.ny.gov/All-Programs/commercial-property-assessed-clean-energy>.

⁹ The current version of the NYSERDA PACE Guidance is available at: <https://www.nyserdera.ny.gov/All-Programs/commercial-property-assessed-clean-energy>

¹⁰ Energy Star Portfolio Manager property types available at: https://www.energystar.gov/buildings/benchmark/understand_metrics/property_types

Workbook. The savings from Local Law 97 avoided penalties are applied until the end of the related Project's average weighted useful life. The SIR calculation in the Program's Technical Certification Workbook, version 2.0, includes extending the savings expected to result from Local Law 97 avoided penalties beyond 2035 through the term of the related PACE loan or 2050, whichever comes sooner. The value of avoided Local Law 97 penalties beyond 2034 are estimates that utilizes the coefficients and carbon thresholds as currently established for the 2030 to 2034 compliance period.

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Legal Notices

All backup, substantiating and other documentation, information and data provided to the Administrator pursuant to this Supplement must be satisfactory to the Administrator in its sole discretion.

This Supplement is a Program Document, and it is subject to the Additional Terms, Conditions and Disclaimers attached to the Guidelines at Appendix A. As used in such Additional Terms, Conditions and Disclaimers, the term "Guidelines" shall be deemed to mean this Supplement.

Website links or addresses provided in the footnotes to this Supplement may change. They were accurate and valid as of May 19, 2023.