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## Authorities Budget Office

### Policy Guidance

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# Report on Operations and Accomplishments

## 2023

### **Name of Public Authority:**

Energy Improvement Corporation, LDC (EIC)

### **Public Authority's Report on Operations and Accomplishments:**

#### **BACKGROUND & MISSION**

EIC was formed on July 7, 2011, pursuant to Section 1411 of the Not-For-Profit Corporation Law of the State of New York, as a New York State Public Authority, local development corporation.

The mission of the Energy Improvement Corporation (EIC) is to design and operate successful assessment financing programs to reduce greenhouse gas emissions and provide other environmental public benefits in New York State. EIC is a program administrator and enables a public benefit on behalf of its member municipalities, relieving them of financial exposure and the administrative burdens of operating the program. Improvements are financed by EIC-approved capital providers in accordance with EIC's underwriting guidelines and New York State Energy Research and Development Authority's ("NYSERDA's") guidelines. EIC endeavors to create and operate programs which address climate change. EIC's goal is to operate in a self-sufficient manner without subsidies from ratepayers.

#### **ACCOMPLISHMENTS & CHALLENGES**

EIC's municipal loan programs experienced a significant decrease in lender participation in 2023. A majority of the C-PACE industry worked together in an attempt to pass a significant amendment to Article 5L, which would have expanded the use of the PACE assessment to measures that did not provide energy savings

and were not adequately defined or measurable. These same lenders simultaneously stopped financing in NY. Consequently, EIC's business was significantly reduced.

Accomplishments in 2023 include: (1) 3 additional financings totaling \$14 million (29 financings totaling \$147 million since program inception), these 3 projects include projected lifetime greenhouse gas savings of 8,475 metric tons (not including 1 project qualified through compliance with the NY Stretch Code); (2) enrolling 3 additional municipalities; and (3) adding 3 approved Capital Providers, including 1 bank.

### **NEW PACE PROGRAM KNOWN AS "OPEN C-PACE"**

Financing is provided to commercial property owners by EIC-approved capital providers, allowing for competitive private financing. The financing is secured by using the member municipality's ability to place a voluntary energy assessment and assignable subordinate lien on the owner's property. EIC bills the property owner and directs them to remit the funds to the capital provider. As the program administrator, EIC will continue to review and approve each financing to ensure it conforms with the New York State PACE statute, EIC underwriting requirements, and NYSERDA C-PACE guidelines.

### **MUNICIPAL ACTIVITY RELATED TO "OPEN C-PACE"**

In order to enable OPEN C-PACE, municipalities have to pass a local law and sign a municipal agreement with EIC. Under this program, a municipality is no longer responsible for administering the PACE repayment collection process, nor is it required to backstop borrower payments. These factors, as well as the prospect of closing larger projects, has resulted in widespread acceptance of OPEN C-PACE in New York.

### **PREVIOUS PACE PROGRAM CLOSED TO NEW FINANCING (KNOWN AS "ENERGIZE NY PACE 2.0")**

The Corporation began offering PACE 1.0 to its member municipalities late in 2014 and replaced it with PACE 2.0, which modified some requirements thought to have been impeding uptake of the program. Generally, both the 1.0 and 2.0 programs were New York State's version of PACE financing that enabled eligible not-for-profits and commercially owned buildings access to financing for energy efficiency upgrades and renewable energy projects.

Since program inception in 2014, 20 projects totaling \$2,865,376 in PACE financings have been completed. This program was closed to new financings in February 2019.

### **MUNICIPAL MEMBERSHIP & MEMBER SERVICES**

Enlisting municipalities in OPEN C-PACE involves outreach and discussion with municipal staff and/or elected officials, and other local stakeholders. EIC provides the template Local Law and Municipal Agreement, and other template documents that are requested once the municipality opts-in (Municipal Certificate, Opinion of Local Counsel, and Lien Filing Letter). EIC answers questions from municipal staff,

presents at legislative meetings as necessary, and facilitates the review of the draft membership documents. For Members with pending transactions, EIC confers with the County Clerk's office to confirm that lien filing documents are in acceptable form and that EIC will not be charged recording fees. EIC also collaborates with municipalities that opt-in to promote OPEN C-PACE in their communities.

In 2023, EIC enrolled 3 municipalities in its OPEN C-PACE program, including 1 county, and 2 cities. In addition, 1 county adopted the Local Law. As of December 31, 2023, 75 municipalities completed the legislative process and necessary documents to join the PACE program.

Approved by EIC Board of Directors on 02/07/2024