

May 19, 2022

Representative Jeff Roy
Chair, Joint Committee on Telecommunications, Utilities & Energy
24 Beacon St. Room 43
Boston, MA, 02133

RE: H.4525/S.2842 Conference Committee – Support of Sections 10 & 21 of S.2842

Dear Chair Roy,

We respectfully submit comments on behalf of Nuveen Green Capital in support of Sections 10 and 21 of S.2842 related to the Commercial Property Assessed Clean Energy (C-PACE) Program. These sections update the Commonwealth's C-PACE legislation in two important ways:

1. Section 10 authorizes C-PACE to be used for the construction of new, high-performance buildings; and
2. Section 21 adds appropriate technical standards for high performance buildings using C-PACE for new construction.

C-PACE is an innovative mechanism for financing energy efficiency and clean energy improvements on private property. C-PACE programs allow a property owner to finance the up-front cost of energy or other eligible improvements on a property and then pay the costs back over a long period of time through a voluntary assessment attached to a property tax bill. The C-PACE assessment is attached to the property, so it stays with the property upon transfer of ownership – enabling deep energy upgrades to buildings. C-PACE can be used for commercial, industrial, agricultural, nonprofit, and multifamily properties.

C-PACE financing is obtainable at low, fixed rates and long terms. When combined with traditional construction and term financing, C-PACE can supplement developer equity to create an overall lower blended cost of borrowing for commercial developers. This is critically important because it enables developers to:

- Get complex, mixed-use and multifamily housing projects built
- Incorporate bold, energy efficient, or even zero-net-carbon design features that are otherwise prohibitively expensive

It is important that C-PACE financing is an option for developers when they are at that pivotal point of committing to investment in the construction of a new building. At this juncture, developers begin purchasing equipment and making decisions about building design; and if they can access C-PACE funds, they will be motivated to make the choice that produces a more efficient, resilient building.

The Massachusetts Legislature passed legislation authorizing C-PACE financing in 2016. As it was written, C-PACE financing is only allowed to be used for renovations to existing buildings. Allowing C-PACE to fi-

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nance new construction would drive environmental benefits for new buildings. Nationwide, C-PACE financing is available in more than 30 states and has provided over \$2.5 billion in private financing to upgrade commercial building infrastructure. C-PACE investment has grown over 150% year over year for the past 7 years and is increasingly driven by states expanding C-PACE for new construction. In the past 3 years, states with active C-PACE programs such as Connecticut, New York, Pennsylvania, and most recently New Jersey, have amended their statutes and technical standards to allow for new construction. In 2020 alone, new construction & redevelopment accounted for 60% of Nuveen Green Capital's investments. These investments created over 1,300 jobs and will save over 200,000 mWh of electricity which equates to over 15 square miles of forest removing carbon from the atmosphere.

As noted above, Section 21 of S.2842 expands the minimum technical eligibility thresholds for qualifying improvements under the C-PACE program (as authored by Massachusetts Development in consultation with the Massachusetts Department of Energy Resources) to require that financed improvements in new buildings exceed required energy codes or otherwise meet another nationally recognized building standard for energy performance, as deemed appropriate by the Department of Energy Resources in coordination with the Massachusetts Development Finance Agency – the designated authors of the C-PACE program technical standards. This is an important programmatic piece of implementing new construction and the thresholds need to be expanded to carry out this work.

Nuveen Green Capital, previously Greenworks Lending, finances and invests in commercial buildings through the C-PACE structure. Nuveen Green Capital has provided capital for the funding of over 400 C-PACE projects across the country, including the only two C-PACE projects funded to date in Massachusetts. C-PACE is an alternative financing tool to tap private capital markets to finance the costs of installing energy efficiency projects, water conservation projects, and renewable energy improvements as well as funding the portion of new developments related to those items. No taxpayer dollars are used or at risk in these projects.

Sincerely,



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