

ENERGY TRANSITION IN ACTION

What Building Owners Need to Know Now

Reference Guide | BOMA Capital Region | March 18, 2026

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This document is the companion reference guide to the live BOMA presentation. Each section corresponds to a presentation slide and provides definitions, data sources, explanatory context, and additional detail for readers using this as a standalone reference. The appendix (A-1 through A-6) follows the main deck sections.

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Energy Transition in Action

What Building Owners Need to Know Now

BOMA

Capital Region

March 18, 2026

ZEOS



1 Title / About This Presentation

This presentation was delivered to BOMA Capital Region on March 18, 2026. ReWire Energy (ReWire Group LLC) are property-team advisors helping commercial building owners navigate energy transitions, CLCPA compliance, and incentive strategies.

Technical resource in attendance: Matt Arisohn, AEE-CEM/CMVP, Next Energy World LLC — available for engineering-level questions on HVAC, measurement and verification, and building performance analysis.

The appendix (A-1 through A-6) contains detailed reference material on incentives, community solar, heat pumps, multi-technology systems, financing structures, and the own-vs-PPA decision. This guide is designed to be used as a standalone reference when making capital decisions, planning budgets, evaluating projects, or briefing ownership.

WHO WE ARE

ReWire Energy: practical, property-team energy advisory

We help building teams turn policy pressure, incentive windows, and equipment realities into an executable plan.

What we do:

- Property-team advisory from strategy → execution
- Baseline + options screen: what matters, what moves the needle
- Sequencing: align failures, budgets, boards, tenants
 - Incentives + documentation: reduce friction
- Coordination: ops ↔ engineers ↔ finance ↔ ownership

What You'll Get Today:

- ✓ Turn regulatory pressure and market changes into a clear action plan
- ✓ What's changing in the next 12–24 months and beyond
 - ✓ Why incentives often go unclaimed
 - ✓ Financing structures that reduce risk
- ✓ Your next action steps

REWIRE NY-based; work across NY/Northeast portfolios (multifamily + commercial + mixed-use)

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2 Who We Are / Agenda

About ReWire Energy

ReWire Group LLC operates as ReWire Energy. Property-team advisors — not vendors or contractors. We are also resellers of EV charging solutions. We help building owners and managers turn policy pressure, incentive complexity, and equipment realities into executable plans. NY-based; work across NY/Northeast portfolios (multifamily, commercial, mixed-use).

About ZEOS-AI

ZEOS-AI is ReWire's AI-enabled platform for compliance tracking, energy reporting, and regulatory monitoring. It automates tracking of regulatory deadlines, utility reporting requirements, and incentive program windows for commercial building portfolios.

What 'Sequencing' means in practice

Sequencing means aligning equipment replacement schedules, capital budget cycles, board approval timelines, and tenant considerations — so projects happen in the right order at the right time, without operational disruption or budget surprises.

The C.O.D.E. framework

Four pressures building owners face in the energy transition:

Compliance: regulations and deadlines you cannot avoid.

Operations: equipment failures, rate spikes, grid constraints.

Diligence: lenders and buyers demanding proof of preparedness; increasing regulatory requirements evolving.

Economics: real money in incentives if you plan; real cost if you panic.

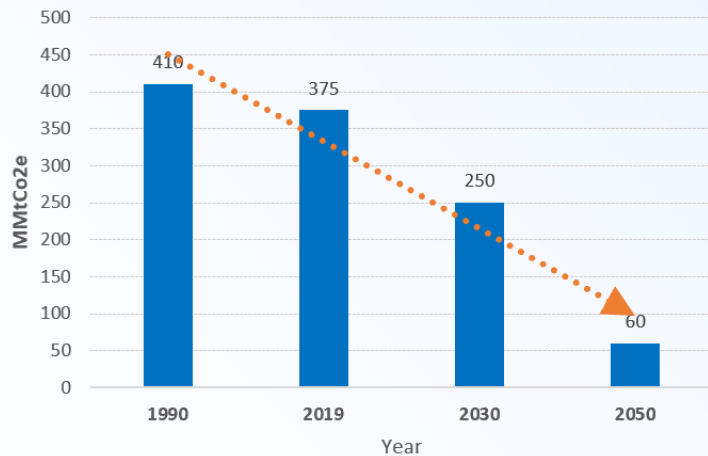
REVIEW OF CLCPA GOALS

CLCPA OVERVIEW: THE LAW

Targets Codified into Law (2019)

- 70% renewable electricity by 2030
- Net Zero emissions by 2050
- 40% reduction below 1990 levels by 2030
- 85% reduction below 1990 levels by 2050
- 100% zero-emissions electricity by 2040
- 10,000 MW distributed solar by 2030
- 6,000 MW energy storage by 2030
- 9,000 MW offshore wind by 2035

New York State GHG Emissions MMtCO₂e



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3 CLCPA Overview: The Law

What CLCPA stands for

CLCPA = Climate Leadership and Community Protection Act. Signed into New York State law in 2019. The driving force behind all state-level sustainability regulation affecting commercial buildings.

CLCPA targets (codified into law)

- 70%** renewable electricity by 2030
- 100%** zero-emissions electricity by 2040
- 40%** reduction below 1990 GHG levels by 2030
- 85%** reduction below 1990 GHG levels by 2050
- Net Zero** emissions by 2050

What MMtCO₂e means

MMtCO₂e = Million metric tons of CO₂ equivalent. The standard unit for measuring greenhouse gas emissions across all gas types (CO₂, methane, nitrous oxide, etc.), converted to a common CO₂-equivalent for comparison.

GHG chart data source

GHG emissions chart: NYSERDA New York State Greenhouse Gas Inventory, 2024 update. The 410 MMtCO₂e (1990) and 375 MMtCO₂e (2019) are from the official inventory. The 250 (2030) and 60 (2050) are statutory CLCPA targets.

The Scoping Plan

The Scoping Plan is the state's implementation roadmap for achieving CLCPA goals. Adopted by the Climate Action Council in December 2022. State agencies (DEC, NYSERDA, PSC) are now writing specific enforceable rules. The Scoping Plan itself is not law — it directs agency rulemaking.

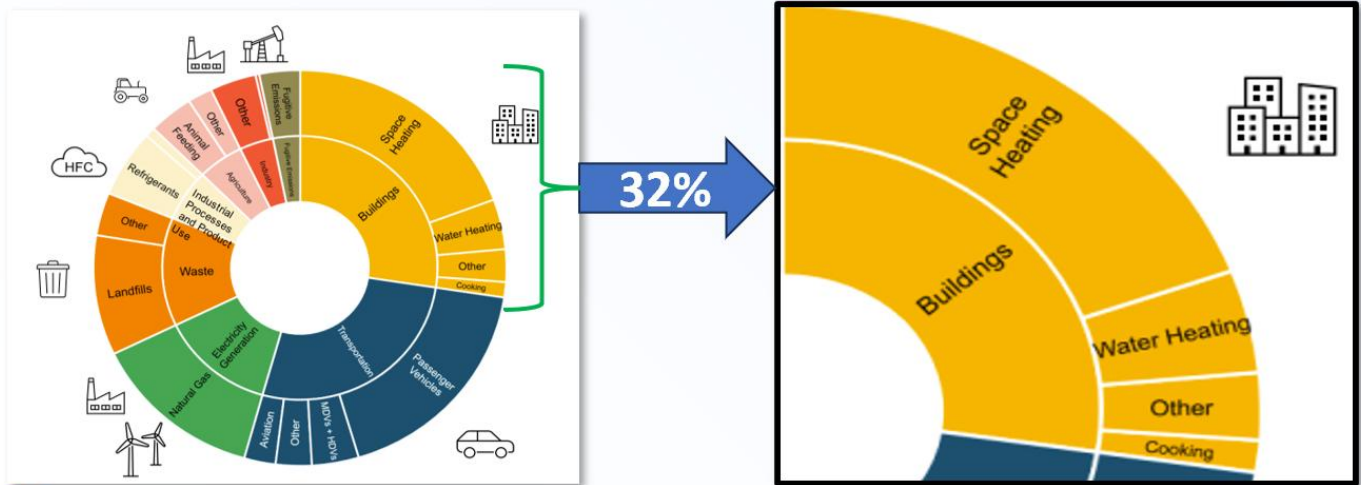
Current trajectory

As of 2026, New York is not on pace to meet the 2030 40% reduction target. This gap is driving urgency in regulatory enforcement timelines — which is why deadlines are accelerating even as some specific rules remain in litigation or development.

WHY BUILDINGS MATTER

ESTIMATED GHG EMISSIONS BY SECTOR

Buildings account for 32% of GHG emissions in NYS — the largest single sector driving CLCPA regulations



4 Why Buildings Matter

The 32% figure — source

Buildings account for approximately 32% of New York State's greenhouse gas emissions — the largest single sector. Source: NYSERDA NYS GHG Inventory, 2024 update.

What drives building emissions

Within the buildings sector: space heating (~47% of building emissions), water heating (~17%), other end uses (cooking, lighting, plug loads). Space heating is the primary target of electrification policy because most space heating in New York runs on natural gas, fuel oil, or propane.

Commercial buildings specifically

Commercial buildings account for approximately 12% of statewide GHG emissions — making them a primary regulatory target within the buildings sector.

Why this matters for capital decisions

Equipment decisions — particularly HVAC replacements — are now regulatory decisions as well as capital decisions. What you install today may determine your compliance exposure for the next 15-20 years.

THEN VS NOW

2023 vs 2026: From Awareness to Action

Three policy forces affecting your budget:

State: CLCPA implementation, building performance standards coming, NY Cap & Invest pending

Federal: Inflation Reduction Act (IRA) incentives active but sunsetting

Utility: Rate structures constantly changing, grid constraints

March 2023: Awareness yet Uncertainty

- CLCPA targets known
- Scoping Plan had just been adopted
- Compliance details still forming
- Fewer hard calendar dates
- Owner mindset: Understand exposure

March 2026: Decisions Can't Wait

- CLCPA deadlines are now affecting capital decisions
- Scoping Plan adopted → agencies rules much further along
- More calendar items emerging
- Rate increases and code changes are reflected in budgets
- Owner mindset: Inaction has a cost

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5 Then vs. Now: From Awareness to Action

Rate increase data

National Grid upstate commercial electricity rates increased approximately 5% annually on average 2020-2026, totaling approximately 41% cumulative. Source: EIA Form 861, Northeast commercial sector. The 5% annual escalator used in the cost chart is conservative relative to the actual 2020-2026 CAGR of approximately 5.9%.

IRA — full name and key deadlines

IRA = Inflation Reduction Act (federal, signed August 2022). Key clean energy deadlines under the One Big Beautiful Bill (OB BB, signed July 4, 2025):

179D deduction: begin construction by June 30, 2026.

Solar/wind ITC: begin construction by July 4, 2026; placed in service by December 31, 2027.

Battery storage ITC: largely intact through 2033 begin-construction. FEOC restrictions apply.

Geothermal heat pump ITC: 30% through approximately 2035.

Cap and Invest — current status

Cap and Invest: a proposed NY program that would require large GHG emitters to purchase allowances for their emissions. NOT yet finalized as of March 2026. A court ordered DEC to act by February 2026; DEC appealed; automatic stay is in effect. No compliance date is set. This presentation models it as a risk layer (10-15% on utility costs), not a confirmed deadline. Planning assumption: 2027-28 at earliest.

Scoping Plan — agency rulemaking status

CLCPA Scoping Plan adopted December 2022. DEC, NYSERDA, and PSC are in active rulemaking. GHG reporting rule (Part 253) finalized December 2025. Building performance standards still under development — watching NYC LL97 and Boston BERDO as models for upstate.



YOUR ROLE

What Should You Be Thinking About?

Different questions, but they all come down to **ECONOMICS** and **TIMING**.

Operations / Facilities

- Equipment lifecycle planning
- Tenant comfort during transitions
- Compliance documentation
 - Utility bill volatility
 - Contractor availability
- Internal resource constraints

Property / Asset Management

- Capital planning across portfolio
- Incentive timing vs budget cycles
- Insurance and liability exposure
 - Competitive positioning
- Project justification (ROI, risk, tenant impact)

Owners / Capital Partners

- Asset value protection
- Financing availability and terms
- Regulatory penalty exposure
- Return on investment clarity
- Refinancing / sale implications

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6 Your Role

Why regulatory penalties follow the owner, not the lease

Building Performance Standards (BPS) and GHG reporting obligations attach to the property and the owner — not to the tenant or the lease structure. This is true even in triple-net (NNN) leases where tenants pay utilities directly. The building owner bears compliance liability and potential penalty exposure regardless of who pays the energy bill.

NNN leases — split incentive implications

In a triple net lease, the tenant controls energy use and pays utility bills directly — but regulatory compliance obligations attach to the property and the owner. This creates a split incentive: the landlord bears the compliance risk and potential penalty exposure while the tenant controls the consumption that drives it.

Key implications:

- Building Performance Standards will penalize the owner based on actual building emissions — regardless of who pays the utilities
- Equipment decisions at end of life are the owner's — but tenant operating patterns affect whether upgrades perform as projected
- Incentive capture for efficiency upgrades requires owner coordination even when the tenant captures most of the operating benefit
- Lease terms increasingly need to address utility data access, energy performance obligations, and capital improvement rights — sometimes called "green lease" provisions

Near-term action: ensure lease language gives you access to utility interval data and the right to make energy-related capital improvements without tenant consent barriers. NN (Triple Net) lease: a lease where the tenant pays

base rent plus property taxes, building insurance, and operating/maintenance costs (including utilities). Even in NNN leases, regulatory compliance obligations under CLCPA-driven laws stay with the landlord/owner.

Refinancing and sale implications

Lenders and buyers are increasingly requesting energy performance data, regulatory compliance status, and capital reserve documentation for energy systems. Buildings with documented energy plans command better financing terms and fewer transaction complications.

COST PRESSURE

The Cost Pressure Is Already Here

Before any new regulation hits your building

Energy Rates

- Upstate utility rates: multi-year increases
- Regional trend: upward pressure
- Grid investment, resource transitions
- Bills less predictable → harder to budget

Market

- Lead times: major equipment takes months
- Refrigerants: R-410A phase-out underway — new equipment transitioning, existing system costs rising
- Contractor capacity: scheduling constraints
- Emergency work: premiums common

Regulatory

- Cap-and-Invest: delayed to 2027-28
- Energy code: 2025 NYS Code in effect
- New-build electrification evolving
- GHG reporting: milestones begin 2026-27

You don't need a new regulation to feel this. You're already feeling it.

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7 The Cost Pressure Is Already Here

Rate increase specifics

National Grid upstate commercial electricity: approximately \$0.12/kWh (2020) to \$0.165/kWh (2026). Source: NYPSC rate case filings. National Grid's multi-year rate case approved by the PSC — rate increases are phased through 2028. NYSEG rates have followed a similar trajectory.

R-410A refrigerant phase-out

R-410A is a hydrofluorocarbon (HFC) refrigerant used in most commercial HVAC equipment. The AIM Act (2020) mandated an EPA phasedown. Production cap began January 2025. New equipment is transitioning to R-454B and R-32. Impact: rising R-410A refrigerant costs and supply constraints for service of existing systems. Strategy: inventory all R-410A equipment and build a lifecycle replacement plan before emergency failure forces a reactive decision.

Equipment lead times

Current commercial equipment lead times (2024-2026): HVAC equipment 12-26 weeks; large electrical transformers 1-2+ years; switchgear 52-65 weeks. Source: ACCA, NECA supply chain surveys. Emergency replacements typically cost 15-30% more than planned replacements.

DEC GHG Reporting milestones — Part 253

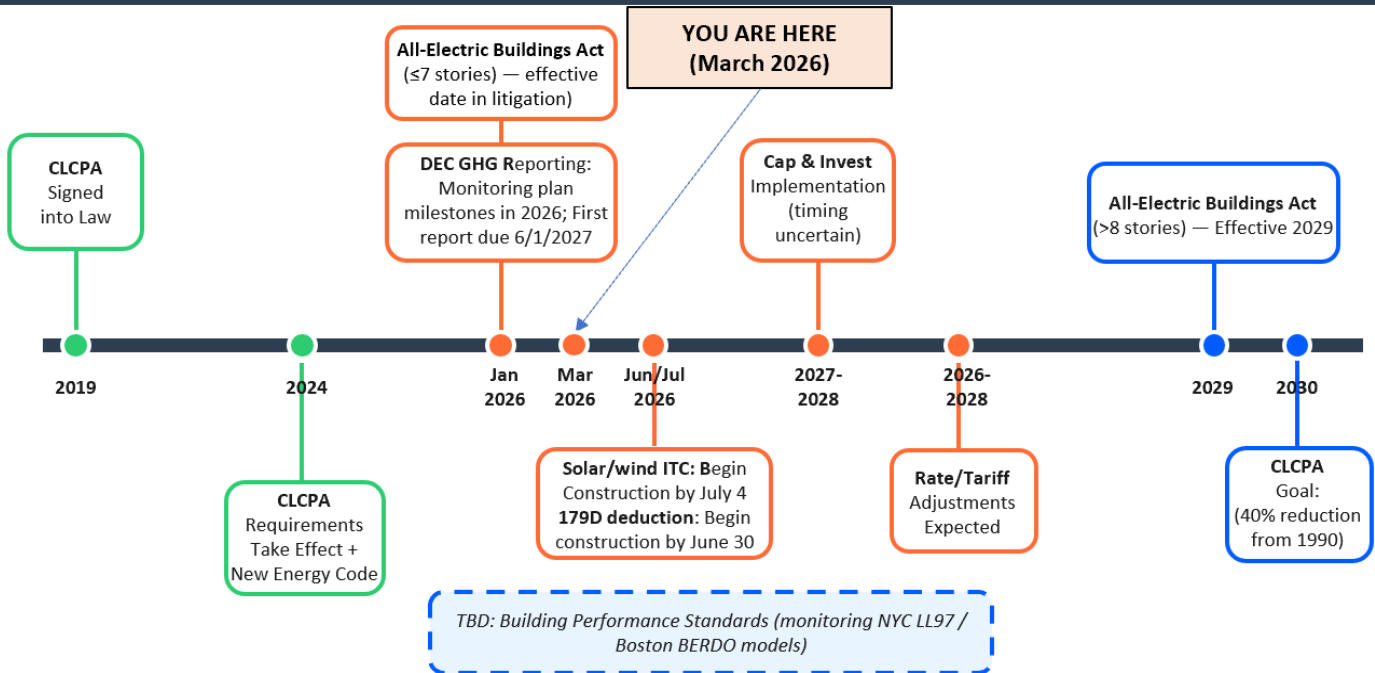
DEC Part 253 (GHG Reporting Rule): Final rule effective December 25, 2025. Threshold: 10,000 MT CO₂e per year. Key dates: Monitoring plans due December 31, 2026. First data report due June 1, 2027 (covering calendar year 2026 emissions). Verification statements due December 1, 2027.

2025 NYS Energy Code

The 2025 NYS Energy Conservation Construction Code applies to new construction and substantial renovations. Raises efficiency standards for building envelope, HVAC systems, lighting, and controls. Key implication: major

renovation projects may trigger code compliance requiring efficiency upgrades beyond what was originally planned.

Your Regulatory Calendar: Deadlines That Affect Your Budget



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ENACTED (Already Law)



NEXT 12-24 MONTHS (2026-2027)



BEYOND 2027

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8 Your Regulatory Calendar

All-Electric Buildings Act — two separate entries

Buildings 7 stories and below: Statutory effective date January 1, 2026. Enforcement currently suspended under a court stipulation dated November 12, 2025, pending Second Circuit federal court appeal. The law remains on the books — enforcement is paused, not cancelled.

Buildings 8 stories and above / all new construction: Effective January 1, 2029. Not currently in litigation. On track. Plan new construction accordingly.

179D deduction — details

Section 179D Energy Efficient Commercial Buildings Deduction. Maximum: approximately \$5.00/sqft with prevailing wage and apprenticeship (PWA) compliance; \$1.00/sqft base without PWA. Begin construction by June 30, 2026 under OBBB. Source: IRC Section 179D as amended by OBBB (signed July 4, 2025).

Solar/wind ITC — details

Investment Tax Credit under IRC Section 48E. Credit rate: 30% with PWA compliance; 6% base without PWA. Begin construction by July 4, 2026 AND placed in service by December 31, 2027. 'Begin construction' requires either 5% of total project cost incurred OR physical work of a significant nature begun. Source: OBBB, IRC Section 48E.

Battery storage ITC

Battery storage ITC under IRC Section 48E: largely intact under OBBB. Full credit available for begin-construction through approximately 2033. FEOC (Foreign Entity of Concern) restrictions apply — battery cells from FEOC-listed manufacturers are ineligible. Verify equipment sourcing with developer or contractor.

Geothermal heat pump ITC

Geothermal heat pump ITC under IRC Section 48: 30% credit. Most commercial systems automatically qualify under the less-than-1-MW threshold. No FEOC restrictions. Runway to approximately 2035. Strongest available incentive for HVAC decarbonization with the longest timeline.

DEC GHG Reporting milestones

DEC Part 253 Final Rule (effective December 25, 2025): Monitoring plans due December 31, 2026. First data report due June 1, 2027. Verification statements due December 1, 2027. Threshold: 10,000 MT CO₂e/year.

Cap and Invest timing

No finalized rule. DEC appeal and automatic stay in effect as of March 2026. Model as a 10-15% risk layer on energy costs beginning 2027-28 — not a confirmed deadline.

The 'You Are Here (March 2026)' marker on the slide reflects the presentation date. Update this marker when using the deck for future presentations.

EARLY MOVERS

The Preview: Early Movers Win

The Pattern (laws passed): NYC (2019) → Boston (2021) → Cambridge (2023) → Capital Region? (Not next — but on the list)

Buildings that WAIT

- ✗ Competing for contractor capacity when everyone needs them
- ✗ Paying premium pricing — emergencies are expensive
- ✗ Incentives harder to access — pre-approval windows closed
- ✗ Reactive capital decisions driven by equipment failure

Buildings that start EARLY

- ✓ More choice in contractors — better pricing and scheduling
- ✓ More ability to bid and phase work strategically
- ✓ Easier to plan around incentive windows and timing
- ✓ Planned capital aligned to budget cycles and board approval

► Capital Region isn't next on the list — but it's on the list.

Sources: Urban Green (LL97, 2024 benchmarking); Boston BERDO; Cambridge BEUDO; NYC DOB (LL97 timeline).

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9 Early Movers Win

What each law actually requires

NYC Local Law 97 (2019): Carbon intensity limits on buildings 25,000+ sqft, penalties per ton of CO2 over threshold. Compliance Period 1 begins 2024. Estimated annual penalties across NYC building stock if buildings do not act: approximately \$268M. Source: Urban Green Council, 2024.

Boston BERDO (2021): Emissions intensity standards for buildings 20,000+ sqft, phased 2025-2050.

Cambridge BEUDO (2023): Similar framework to BERDO.

Capital Region disclaimer

The Capital Region is not currently subject to a building performance standard. The 'not next — but on the list' framing reflects the observed pattern of adoption spreading outward from high-density markets. This is a strategic inference, not a regulatory prediction.

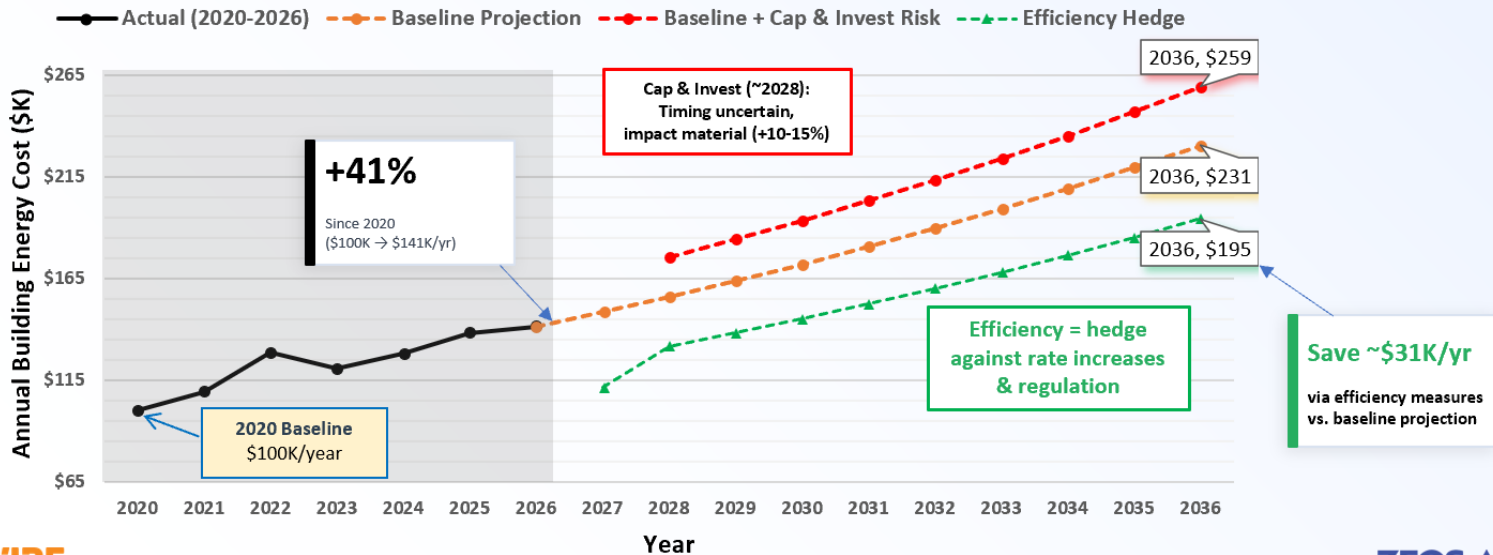
Why early movers win — the supply chain argument

When a compliance deadline is announced, demand for qualified contractors, equipment, and incentive program slots spikes simultaneously. Buildings that have already planned and begun execution face less competition, better pricing, and have already navigated incentive pre-approval. Emergency replacements driven by equipment failure typically cost 15-30% above planned costs.

MARKET PROJECTIONS

Projected Utility Costs: The Case for Hedging

Budgeting Illustration (Data: EIA Northeast (2020-2026))



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Baseline: historical trend projection | Cap & Invest: illustrative layer based on similar programs | Shaded area shows uncertainty Efficiency: illustrative reduction | Building: Mixed-use | Data: EIA Northeast (2020-2026)

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10 Projected Utility Costs: The Case for Hedging

How to read this chart

This is a budgeting illustration for one building (illustrative mixed-use, 50-60K sqft) under four scenarios 2020-2036. The black line is actual historical data. The three projected lines begin at 2026. This is not a guarantee — it is a planning framework.

Data sources and assumptions

Actual line (2020-2026): EIA Form 861, Northeast commercial sector.

5% annual rate escalator: conservative vs. actual 2020-2026 CAGR of approximately 5.9%.

Cap and Invest risk layer (+10-15%): modeled on RGGI states and California AB32; 2028 onset assumed.

Efficiency hedge: assumes 20-25% consumption reduction based on ASHRAE and NYSERDA commercial retrofit benchmarks.

What hedging means

Efficiency measures reduce your energy consumption — so rising utility rates apply to a smaller base. Even if rates rise 5% per year, a 25% reduction in consumption means you pay 5% more on 75% of what you used to use. The hedge does not eliminate rate increases; it reduces how much of the increase you absorb.

The \$31K/yr savings figure

The green box ("Save ~\$31K/yr via efficiency measures vs. baseline projection") represents the average annual difference between the baseline projection and the efficiency hedge line over 2026-2036. Illustrative for a building of this type and size. A proper baseline analysis of your specific building produces your actual number.

The +41% figure

This building's energy costs increased from \$100K/year (2020) to \$141K/year (2026) — a 41% increase over 6 years. Consistent with EIA Northeast commercial rate data. You have already paid this increase.

INCENTIVES

The Incentive Paradox

Here are the challenges:

- **Timing challenges:** pre-approval required
- **Lead time:** weeks to months end-to-end
- **Cash flow:** payment after completion
- **Complexity:** different forms by program

But the money is real:

- Significant funding available for building upgrades
 - Programs can materially reduce net cost
 - Stacked incentives: Utility + NYSERDA + IRA
 - Planning, process, and monitoring

➤ Capturing incentives reliably requires either dedicated internal team OR external support

11 The Incentive Paradox

How much money is available

NYSERDA has deployed over \$5 billion in clean energy funding since 2012. The IRA allocated approximately \$369 billion nationally for clean energy over 10 years — a significant portion is accessible to commercial building owners through direct-pay provisions and transferable credits.

What 'pre-approval required' means

Most NYSERDA and utility rebate programs require approval BEFORE beginning the project. Installing equipment first and then applying typically makes you ineligible. Incentive planning must happen during the project design phase. This is the most common reason incentives go unclaimed.

Typical incentive processing timelines

NYSERDA pre-approval: 4-12 weeks.

Utility equipment rebate (National Grid, NYSEG): 8-16 weeks post-project completion.

Federal tax credits (ITC, 179D): claimed on annual tax return — no separate application, but documentation must be established before and during the project. Total end-to-end: 3-9 months depending on program.

What a stacked incentive looks like

Example stack for a commercial HVAC project: NYSERDA Custom Incentive or FlexTech grant + National Grid equipment rebate + IRA 179D deduction + bonus depreciation. Combined, these can reduce net project cost by 30-50% on qualifying projects. The exact stack depends on technology, utility territory, project size, and owner tax position.

Financing Options: Making Good Projects Happen

Match the structure to your constraint — capital availability, incentive timing, or ownership preference.

Constraint Category	Structures That Fit
➤ Low / No Upfront Capital	Community solar subscription; PPA / Solar lease; Energy-as-a-Service; On-bill repayment; C-PACE
➤ Incentive Timing (rebate paid later)	Short-term equipment financing; Construction Loan; C-PACE
➤ Want Ownership (tax equity + control)	Finance lease; Equipment loan; Term debt; C-PACE

Note: Terms/availability vary by credit, lender consent, project size, and utility territory; this is a structural map, not a quote.

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12 Financing Options: Match the Structure to Your Constraint

This is a structural map, not a quote. Full detail on each structure is in Appendix A-6.

Community solar (CDG)

CDG = Community Distributed Generation. Subscribe to a share of an offsite solar farm. Bill credits flow to your utility account. No equipment, no installation, no capital. Typical savings: 5-10% on subscribed electricity costs. Eligibility varies — commercial accounts above a minimum usage threshold qualify. See Appendix A-2 for full mechanics.

PPA (Power Purchase Agreement)

You agree to buy the electricity the system generates at a contracted rate per kWh. You pay for what you use. The developer owns the equipment on your roof and claims the tax credits. If the system produces less, you pay less; if it produces more, you pay more. Lender consent required if property carries a mortgage. Exit provisions can be expensive. See Appendix A-5 for own-vs-PPA analysis.

Solar lease

Third-party developer installs solar on your property. You pay a fixed monthly lease payment for use of the equipment regardless of production. Developer owns equipment and claims tax credits. Fixed payment simplifies budgeting but production risk stays with the lessee. Lender consent required if property is mortgaged.

Energy-as-a-Service (EaaS)

Subscription model — provider owns and operates all energy equipment. You pay a monthly fee for outcomes. No capital outlay. Watch-outs: long contracts (10-20 years), complex exit provisions, provider financial strength critical. See Appendix A-6 for EaaS vs. ESCO comparison.

On-Bill Repayment

Project cost repaid through your utility bill over time. Simple administration, minimal underwriting. Not available in all territories. Limited to smaller projects.

C-PACE

Commercial Property Assessed Clean Energy. Repaid as a special property tax assessment — NOT a traditional loan. Terms 10-30 years. High fixed closing costs (legal, title, origination — typically \$15K-30K+). Lender consent required. Not in all jurisdictions. Best for projects \$500K+. Interest rates typically 6-10%. Full mechanics in Appendix A-6 notes.

Short-term equipment financing

Standard amortizing equipment loan, typically 24-60 months. Payments run on schedule regardless of when the incentive/rebate arrives — this is NOT a true bridge product. Rates: ~12% for 24-month; ~8.99% for 60-month (Verdant indicative terms). The rebate is applied when received but does not affect the payment schedule.

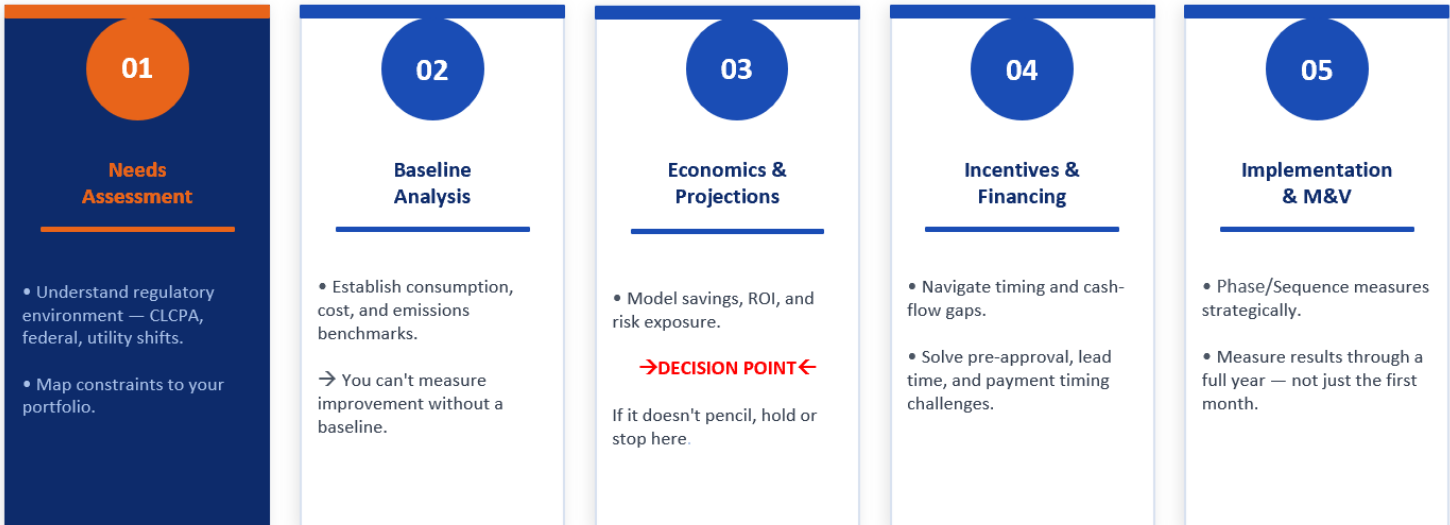
Finance lease vs. equipment finance

Both result in the borrower owning the equipment and claiming tax credits (ITC, 179D, bonus depreciation). Finance lease: lessor holds legal title during term; borrower has economic ownership; \$1 purchase option at end. Equipment loan: borrower owns from day one via UCC-secured loan. Both are on-balance-sheet under ASC 842.

PROCESS

How Disciplined Firms Navigate the Transition

A structured approach to reducing regret without perfect foresight



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13 How Disciplined Firms Navigate the Transition

Step 1 — Needs Assessment

Establishes what you are trying to accomplish before any technology or financing decision. Covers: regulatory exposure mapping (which CLCPA rules apply to your buildings), equipment lifecycle inventory, financial targets, and operational constraints. Can be standalone exploratory or the front end of a specific capital project. Tools: ENERGY STAR Portfolio Manager (free), NYSERDA FlexTech program (subsidized audits).

Step 2 — Baseline Analysis

Establishes where you are on energy consumption, cost, and emissions before any measures are implemented. Without a baseline you cannot measure improvement, cannot defend incentive claims, and cannot quantify the financial case. Tools: ENERGY STAR Portfolio Manager (free), NYSERDA FlexTech (subsidized), ASHRAE Level 1/2 energy audit.

Step 3 — Economics and Projections (Decision Gate)

The decision gate is real — not every project pencils out. Financial model covers: projected energy savings, incentive capture, financing cost, and net ROI or payback. If the project does not generate sufficient savings to justify the cost and complexity, the right answer is to hold or stop. Do not proceed on regulatory pressure alone. This is the most credibility-building point in the process.

Step 4 — Incentives and Financing

Navigate incentive timing and cash flow gaps. Solve pre-approval, lead time, and payment timing challenges. Match the financing structure to your specific constraint — see Slide 12 and Appendix A-6.

Step 5 — Implementation and M&V

Phase and sequence measures strategically — high-ROI efficiency measures first, then generation and storage. Measure results through a full year, not just the first month.

M&V — what it means

M&V = Measurement and Verification. The process of confirming that projected energy savings are being realized after installation, using metered data compared against the pre-project baseline. Required for certain incentive programs. Key principle: measure through a full year — seasonal variation makes first-month data unreliable.

IPMVP

IPMVP = International Performance Measurement and Verification Protocol. The global standard for measuring and verifying energy savings from efficiency projects. Defines four options (A through D) ranging from stipulated savings to full metering. Used by NYSERDA, ESCO contracts, and utility incentive programs to validate claimed savings.

CASE STUDY • Capital

PROJECT ECONOMICS (Illustrative)

Mixed-use building, phased upgrade — efficiency first, solar second

Project Economics:

Installed costs:	\$220,000
Rebates captured:	\$75,000 (34% of install)
Net cash outlay:	\$145,000
Tax benefits:	\$35,000
Effective net cost:	\$110,000 (50% of install)

Cash flow positive in less than 2 years utilizing tax incentives

Phased Project Path:

Weeks 1–4

Diagnose → Needs assessment + utility data collection

Weeks 5–8

Model → Energy audit conducted + baseline analysis / scenarios

Months 3–9

Execute Phase 1 → LED + controls (high ROI, fast payback)

Months 3–9

Execute Phase 2 → PV / solar + EV charging stations

Months 9–12

Measure & Verify → Ongoing monitoring

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► **Benefits: Less disruption, better performance, captured incentives, lower OpEx**

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14 Case Study: Capital Project (RCD Mixed-Use)

Project Economics (Illustrative)

Installed costs	\$220,000
Rebates captured	\$75,000 (34% of install)
Net cash outlay	\$145,000
Tax benefits	\$35,000
Effective net cost	\$110,000 (50% of install)

Cash flow positive in less than 2 years utilizing tax incentives

The incentive stack

The \$75,000 in rebates represents NYSERDA commercial program rebates and National Grid equipment incentives. The \$35,000 in tax benefits reflects ITC and bonus depreciation on qualifying equipment. Specific programs and amounts are illustrative — the actual stack depends on technology mix, utility territory, project timing, and owner tax position.

Tax benefit assumption

'Cash flow positive in less than 2 years' assumes the owner has sufficient taxable income to absorb the ITC and depreciation in year one. Owners without sufficient taxable income should evaluate finance lease or equipment financing structures that may allow tax benefits to be monetized through the financing structure.

Connection to the cost chart

This case study is the real-world version of the green efficiency hedge line on Slide 10. The phased upgrade — LED and controls first, then solar and EV charging — is the sequence that produces the savings illustrated on that chart.

CASE STUDY • No Capital

Community Solar: A Portfolio-Wide, No-Capital Solution

No capital required. No new equipment. Savings credited directly to your utility bill.

Why This Worked

- Subscribed to a share of an offsite solar farm
- No upfront investment
- No disruption to day-to-day operations
- Savings applied through the existing utility bill

Project Results

- 10% savings on subscribed electricity costs
- \$0.08–\$0.09/sq. ft. in annual savings across participating accounts
- No capital at risk

► Estimated savings based on subscription proposal and historical electric usage

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15 Case Study: Community Solar (BBL)

How CDG credits actually work

CDG = Community Distributed Generation. The solar farm generates electricity. The utility compensates the developer at the VDER rate (typically approximately \$0.10-0.13/kWh, set by the PSC). The developer passes bill credits to subscribers at a discount to the subscriber's retail rate (typically \$0.16-0.18/kWh for commercial accounts). No physical electricity flows to your building — credits appear as a dollar reduction on your utility bill.

What VDER means

VDER = Value of Distributed Energy Resources. The compensation rate the utility pays solar farm developers, calculated by the PSC based on energy value, capacity value, environmental value, demand reduction value, and locational system relief value. Typically below retail. Because the VDER rate is below retail, the developer must issue more credits in dollar value than the raw generation value to bridge the VDER-retail spread and still deliver savings to the subscriber.

Example math

Subscriber retail rate: \$0.18/kWh. Subscribed share generates 10,000 kWh. Utility pays developer at VDER (\$0.12): \$1,200. Developer issues subscriber a \$1,800 bill credit. Subscriber pays developer \$1,620 (10% discount to retail). Net result: subscriber saves \$180 on a \$1,800 bill — 10% savings.

Eligibility

Eligibility varies. Commercial buildings above a minimum usage threshold qualify as commercial accounts. Commercial capacity in a given area is not unlimited — commercial anchor subscriptions are available but in demand. LMI capacity has grown more rapidly than commercial capacity in recent years. Contact ReWire Energy to check availability for your specific accounts.

Contract terms — important watch-out

Community solar subscription agreements typically run 20-25 years. Review cancellation rights, any escalator clauses, assignment provisions if you sell the building, and what happens if the solar farm underperforms. Terms vary by provider.

BBL reference

BBL Management Group (John Wismont, President) — a Capital Region commercial property portfolio. Named with explicit permission. The community solar project was structured through PowerMarket (Nick Boudoin).

CHECKLIST

Your Preparation Checklist

Actionable steps — now through long-term strategy

THIS QUARTER	THIS YEAR	STRATEGIC ACTIONS
<ul style="list-style-type: none">✓ Inventory equipment ages and conditions✓ Identify equipment approaching end of useful life✓ Understand which regulations apply to your buildings	<ul style="list-style-type: none">✓ Complete energy baseline for target buildings✓ Research available incentives for planned projects✓ Build longer planning timelines into capital process	<ul style="list-style-type: none">✓ Engage expertise (internal or external) for complex projects✓ Shift from reactive to planned approach✓ Make energy strategy part of property value discussion

► The firms that thrive through this transition are the ones that started preparing **18 months ago**.
The second-best time to start is **now**.

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16 Your Preparation Checklist

Tools for energy baseline

ENERGY STAR Portfolio Manager: Free EPA tool for tracking energy and water use. Generates Energy Use Intensity (EUI) benchmarks by building type. Required for many NYSERDA programs. Start here.

NYSERDA FlexTech: Subsidized feasibility studies and energy audits for qualifying commercial buildings — up to 50% of study costs.

ASHRAE Level 1/2 Energy Audit: Comprehensive audit per ASHRAE standards. Level 1 = walk-through. Level 2 = detailed analysis with financial modeling. Required for some incentive programs.

Finding incentives

Start with NYSERDA's incentive finder (nysERDA.ny.gov) and your utility's commercial programs page. Incentive stacking requires understanding program sequencing — some programs require pre-approval before work begins and cannot be combined with others. Applying after the project is complete is the most common reason incentives are missed.

Energy as part of strategic planning

Energy strategy belongs in overall capital planning — not as a separate workstream. Equipment replacement cycles, incentive windows, regulatory deadlines, and financing terms all have time horizons that interact with capital budget cycles. Buildings that integrate energy planning into their annual capital process avoid reactive decisions that drive up costs.

Why lenders and buyers are asking

Commercial real estate lenders and buyers increasingly request energy performance data, regulatory compliance status, and capital reserve documentation for energy systems. Buildings with documented plans and baseline data command better financing terms and fewer transaction complications.

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Current Incentives Snapshot

NY/Northeast programs by technology — sources, ranges, and key timing notes

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Financing Structures: Full Reference

All structures mapped to constraint — no upfront capital, timing gaps, and ownership scenarios

Key Incentives for NY/Northeast Buildings

Representative programs as of Q1 2026. Availability, amounts, and deadlines change. Verify before project planning.

Technology / Upgrade	Program Sources	Typical Incentive	Key Notes
Community Solar (CDG)	NYSERDA, Utility (CDG bill credit)	8–12% bill reduction	No capital; infinite ROI; more capacity available now
Solar PV (Rooftop / Commercial)	IRA (30% ITC), NYSERDA, Utility, 179D deduction	30%+ of installed cost	Timing rules matter — monitor “begin construction” guidance
Battery Energy Storage	IRA (30% ITC), NYSERDA, Con Ed / NYSEG programs	30% ITC + utility rebates	Pairs with PV; unlocks demand response revenue
EV Charging (EVSE)	IRA (30% ITC), NJ/NY utility rebates, NYSERDA	30% ITC + \$500–2K/port	Strong NJ activity; NY programs expanding
Heat Pumps (Geothermal / Air Source)	IRA (30% ITC), NYSERDA Clean Heat, Utility rebates	30% ITC + \$1K–10K+ rebates	Cold-climate models viable in Northeast
LED Lighting Upgrades	NYSERDA, Utility rebates (Con Ed, NYSEG, National Grid)	\$0.10–\$0.30/kWh saved	Often fastest payback; good first project
Demand Response Programs	Utility (Con Ed BQDM, NYSEG, National Grid), NYISO	\$50–200/kW per event; seasonal	Programs live now; automated participation available
Building Efficiency / Controls	NYSERDA, IRA 179D, Utility, C-PACE financing	179D up to \$5/sqft + utility rebates	monitor current eligibility rules — deadline under OBDD

Incentive programs subject to funding availability and eligibility. Contact ReWire Energy for project-specific analysis.

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A-1 Current Incentives Snapshot: NY/Northeast

Representative programs as of Q1 2026. Incentive programs change frequently — funding can be depleted, program rules can change, and deadlines can shift. Always verify current availability and amounts before making project decisions. Contact ReWire Energy for project-specific analysis.

Technology / Upgrade	Program Sources	Typical Incentive	Key Notes
Community Solar (CDG)	NYSERDA, Utility (CDG bill credit)	8-12% bill reduction	No capital; eligibility threshold applies; commercial capacity varies
Solar PV (Rooftop / Commercial)	IRA (30% ITC), NYSERDA, Utility, 179D deduction	30%+ of installed cost	Begin construction by July 4, 2026 (OBDD deadline)
Battery Energy Storage	IRA (30% ITC), NYSERDA, Con Ed / NYSEG programs	30% ITC + utility rebates	FEOC sourcing restrictions apply; verify equipment sourcing
EV Charging (EVSE)	IRA (30% ITC), NJ/NY utility rebates, NYSERDA	30% ITC + \$500-2K/port	Strong NJ activity; NY programs expanding
Heat Pumps (Geothermal / Air Source)	IRA (30% ITC), NYSERDA Clean Heat, Utility rebates	30% ITC + \$1K-10K+ rebates	Cold-climate models viable in Northeast; geothermal ITC runs to ~2035
LED Lighting Upgrades	NYSERDA, Utility rebates (Con Ed, NYSEG, National Grid)	\$0.10-\$0.30/kWh saved	Often fastest payback; good first project
Demand Response Programs	Utility (Con Ed BQDM, NYSEG, National Grid), NYISO	Capacity ~\$50-150/kW/yr + energy payments per event	Programs live now; battery alone qualifies; automated participation available

Building Efficiency / Controls	NYSERDA, IRA 179D, Utility, C-PACE financing	179D up to \$5/sqft + utility rebates	Begin construction by June 30, 2026 (OBBB deadline); PWA required for full deduction
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ITC — Investment Tax Credit

ITC = Investment Tax Credit. Federal tax credit equal to a percentage of the installed cost of qualifying energy systems. Under OBBB (signed July 4, 2025): Solar ITC begin-construction deadline July 4, 2026. Battery storage ITC largely intact through 2033. Geothermal ITC through approximately 2035. Credit rate: 30% with PWA compliance; 6% base without PWA.

179D — energy efficiency deduction

Section 179D: Federal tax deduction for qualifying energy efficiency improvements to commercial buildings. Maximum approximately \$5.00/sqft with PWA compliance; \$1.00/sqft base without PWA. Begin-construction deadline under OBBB: June 30, 2026.

FEOC restrictions

FEOC = Foreign Entity of Concern. Under OBBB, battery storage systems using cells from FEOC-listed manufacturers are ineligible for ITC. Verify equipment sourcing with contractor or developer before committing to a battery project relying on the ITC.

PWA — prevailing wage and apprenticeship

PWA compliance is required to claim the full ITC rate (30%) and full 179D deduction (\$5.00/sqft). Without PWA: 6% ITC and \$1.00/sqft 179D. For projects using union contractors, PWA is typically straightforward. For non-union contractors, verify compliance before relying on the higher rate.

What demand response is

Demand response (DR): utility-paid programs that compensate commercial building owners for voluntarily reducing electricity consumption during peak grid stress events — typically hot summer afternoons when grid demand spikes. Rather than building expensive peaker plants that run only a few hours a year, utilities pay enrolled participants to curtail load when called. Payments come in two streams: capacity payments (paid year-round simply for being enrolled) and energy payments (paid per dispatch event). See Appendix A-4 for full mechanics, qualification criteria, and a worked scenario showing combined annual value.

Demand response — two payment streams

Demand response involves: (1) Capacity payments — paid year-round for being enrolled (~\$50-150/kW/yr); (2) Energy payments — paid per dispatch event (~\$0.50-1.50/kWh curtailed). Both stack on top of demand charge reduction savings from battery storage. Programs active now in National Grid and NYSEG territories. Battery alone qualifies — PV not required. See Appendix A-4 for full mechanics, qualification criteria, and a worked scenario.

Community Solar: Typical Structure and Terms

Community solar provides bill credits from an offsite solar project without onsite installation or capital investment.

Typical Structure

- Customer subscribes to a share of an offsite solar farm
- Utility bill credits are applied directly to the participating account
- Subscriber pays for those credits at a discount
- No onsite equipment, construction, or maintenance required
- Typical contract term: 20–25 years
- Cancellation rights vary by provider; notice periods may apply

Typical Economics

- Up to 10% savings on subscribed electricity costs
- \$0 upfront capital investment
- Positive cash flow from day one
- Savings depend on account usage and credit allocation
- Terms and flexibility vary by provider agreement

Market context: Anchor capacity for commercial accounts is available but in demand

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A-2 Community Solar: Structure, Terms, and Mechanics

How CDG credits work — the mechanics behind the savings

The utility compensates the solar farm developer at the VDER rate (approximately \$0.10-0.13/kWh). The retail electricity rate for commercial accounts is typically \$0.16-0.18/kWh. Because the developer receives below-retail compensation, they must issue more credits in dollar value than raw generation value to deliver savings to the subscriber. The subscriber pays for those credits at a discount to retail — the difference is the savings.

Example math

Subscriber retail rate: \$0.18/kWh. Subscribed share generates 10,000 kWh in a month. Utility pays developer at VDER (\$0.12): \$1,200. Developer issues subscriber a \$1,800 bill credit (at retail value). Subscriber pays developer \$1,620 (10% discount to retail). Net result: subscriber saves \$180 on a \$1,800 bill — 10% net savings.

Eligibility details

Commercial eligibility: accounts above a minimum monthly usage threshold qualify. Master-metered buildings subscribe as commercial accounts regardless of tenant income mix. LMI eligibility is at the account level, not the tenant level. Commercial anchor subscriptions are available but capacity is limited — apply early.

Contract terms to review before signing

1. Cancellation rights and notice period.
2. Rate escalators on the subscription rate.
3. Assignment provisions if you sell the building.
4. Confirm savings percentage is net of all fees.
5. Developer track record and financial stability — a 20-year commitment requires a counterparty that will be around.

Direct vs. submetered vs. master-metered

Direct metered: each tenant has their own utility account — credits flow to tenant accounts.

Submetered: landlord has one account, tenants billed internally — credits reduce landlord's bill, savings passed through internally.

Master metered: one account for the whole building — simplest community solar structure.

Heat Pump Technology: The Decision Your HVAC Is Forcing

When old equipment fails, what replaces it matters more now than ever before.

Technology Options

Air Source Heat Pumps

Most common; newer cold-climate models now viable in Northeast

Ground Source / Geothermal

Higher upfront; longer payback; best for right buildings

Hybrid Systems

Heat pump + backup gas; often lowest-risk transition path

Large Packaged Rooftop Units

Commercial-scale replacements now include heat pump versions with available incentives

The Economics Reality

- * Higher upfront cost than gas replacement - but NYSERDA + IRA incentives can close much of that gap
- * Location matters: Northeast cold-climate models have improved significantly
- * Building type and size determine which technology makes sense - no one-size answer
- * Evaluate at end-of-life planning, not at emergency failure - lead times are long

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A-3 Heat Pump Technology: The Decision Your HVAC Is Forcing

Technology options

Air Source Heat Pump (ASHP): moves heat between outdoor air and indoor space. Cold-climate models rated to -15F now viable in the Northeast. COP of 2.0-3.5 at 0F — 2-3.5x more heat per unit of electricity vs. resistance heating. Most common commercial option. Installed cost: approximately \$3,000-8,000/ton.

Ground Source / Geothermal: uses stable ground temperature (50-55F year-round). Higher upfront cost (\$10,000-30,000/ton installed) but more efficient and consistent. Best for buildings with right geology and space for ground loops. Qualifies for 30% ITC through approximately 2035 with no FEOC restrictions.

Hybrid System: heat pump plus backup gas boiler. Heat pump handles moderate temps; gas handles extreme cold. Often the lowest-risk transition path for cold-climate buildings or those with existing gas infrastructure.

Large Packaged RTUs: commercial-scale rooftop heat pump units now available from major manufacturers. Qualify for incentives. Lead times 12-26 weeks.

What COP means

COP = Coefficient of Performance. Ratio of heating/cooling output to electrical input. COP of 3.0 = 3 units of heat for every 1 unit of electricity — 300% efficiency. Compare to gas furnace (80-95% efficient) or electric resistance (100% efficient). Cold-climate heat pumps maintain COP above 2.0 at very low outdoor temperatures.

Incentive stack for heat pumps

NYSERDA Clean Heat: rebates for commercial heat pump installations, amount varies by technology and utility territory.

National Grid / NYSEG: commercial heat pump incentives.

IRA Section 48: 30% ITC for geothermal heat pumps.

179D: heat pump projects improving building energy performance can qualify.

NYSERDA FlexTech: subsidized feasibility studies.

When to evaluate

Evaluate at end-of-life planning, not at emergency failure. Lead times of 12-26 weeks mean emergency failure leaves no time for proper evaluation, incentive pre-approval, or contractor selection. The most cost-effective decision is made as part of a planned equipment lifecycle review.

OPPORTUNITY

A-4

Multi-Technology Systems: When Assets Generate Revenue

PV + Battery + EV charging: the combination unlocks programs unavailable to each technology alone.

How the Stack Works

Solar PV generates power + charges batteries

Battery storage holds cheap off-peak energy; releases during costly peak hours

EV charging load managed via battery to avoid peak demand spikes

Demand response programs pay you for automated curtailment during grid stress events

Why It Matters Now

* Utility-paid demand response programs available now - not 18 months away as expected

* Individual buildings with PV + battery can qualify

* Utilities pay per event - savings stack on top of ongoing energy savings

* Larger portfolios: even thermostatic adjustments across many buildings add up to real dollars

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A-4 Multi-Technology Systems: When Assets Generate Revenue

How demand response works

Demand response (DR) programs pay commercial building owners to reduce electricity consumption during peak grid stress — typically hot summer afternoons. The utility or grid operator (NYISO) pays participants to curtail load when called, rather than building expensive peaker plants that run only a few hours per year.

How to qualify and enroll

Two paths: (1) Direct utility enrollment through National Grid, NYSEG, or Con Ed. (2) Through a Curtailment Service Provider (CSP) — a third-party aggregator (Enel X, Voltus, EnerNOC) that handles enrollment, automated dispatch, and payment processing on your behalf. CSP path is recommended for most commercial buildings.

Qualification criteria: minimum approximately 100 kW of controllable curtailment; 15-minute interval metering (most commercial meters already have this); ability to respond within 30 minutes to 2 hours of a dispatch notice.

Battery alone qualifies — important clarification

A building with battery storage can qualify for demand response as a single-building participant without aggregation. Battery alone is sufficient — PV and EV charging improve economics but are NOT prerequisites for

DR enrollment. The utility cares about three things: (1) Can you commit to minimum curtailment (~100 kW), (2) Can you respond within the required timeframe, (3) Is your response reliable and automated. A battery satisfies all three.

How you get paid — two separate streams

Capacity payments: paid year-round simply for being enrolled — approximately \$50-150/kW per year of committed curtailment capacity. Paid regardless of whether you are dispatched.

Energy payments: approximately \$0.50-1.50/kWh curtailed during dispatch events. Both streams are separate from and additive to demand charge reduction savings from battery storage.

Do you get both DR payments AND demand charge savings?

YES — completely separate and additive. Demand charge reduction: battery shaves your peak demand, reducing the demand charge line item on your monthly utility bill (cost avoidance). Demand response payments: the utility pays you separately for curtailing during grid stress events (revenue). The battery does both jobs simultaneously.

Worked scenario

Building: 50,000 sqft Battery: 100 kW / 200 kWh Peak demand: 400 kW	Annual Value
Demand charge reduction: $100 \text{ kW} \times \$15/\text{kW} \times 12 \text{ months}$	\$18,000
DR capacity payment: $100 \text{ kW} \times \$100/\text{kW}/\text{yr}$	\$10,000
DR energy payments: $100 \text{ kW} \times 4 \text{ hrs} \times 10 \text{ events} \times \$0.75/\text{kWh}$	\$3,000
Total combined annual value	~\$31,000/yr

Portfolio approach — thermostatic adjustments

For portfolio owners without battery storage: thermostatic adjustments across multiple buildings can qualify as demand response curtailment. Raising cooling setpoints 1-2 degrees during peak events across 10 buildings can add up to meaningful curtailment capacity and real DR payments with minimal capital investment.

Own vs. PPA: The Incentive Trade-Off Is Shifting

The right structure depends on your tax position, cash flow constraints, and whether federal incentives survive.

Own the System (Direct Purchase)

- + Claim IRA tax credits (30%+ ITC) and 179D deductions
- + Full control, full savings upside
- Requires capital and taxable income to use the credits

Best if: IRA credits survive and you have taxable income to absorb them

PPA / Third-Party Ownership

- + No upfront capital; off-balance-sheet structure
- + Structures are cleaner today than the messy early contracts; simpler reconciliation
- Third party claims the tax credits; you trade ownership for simplicity

Best if: federal credits fade or you can't use them - PPA potentially becomes more competitive

Watch the federal incentive landscape closely — the right financing structure may shift in 2026.

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A-5 Own vs. PPA: The Incentive Trade-Off Is Shifting

OBBS update — the clock is running

The One Big Beautiful Bill (OBBS) was signed July 4, 2025. The ITC begin-construction deadline for solar is July 4, 2026. For projects where direct ownership is feasible, the clock is running. For projects where ownership is not feasible (insufficient capital or taxable income), a well-structured PPA or EaaS agreement remains a viable option.

Current PPA terms (2025-2026)

Contract length: 15-25 years (20 years most common).

Rate structure: fixed or modest escalator (0-1.5%/yr) — flat-rate PPAs more common now than in early contracts.

Rate level: typically 10-20% below current retail at signing.

Performance guarantee: typically 95% of projected annual production.

Early termination: declining buyout schedule — get the full schedule before signing; can be significant in early years.

What went wrong in early PPAs (2010-2018)

1. Escalator clauses where annual increases exceeded utility rate growth, resulting in PPA rates above retail.
2. Weak performance guarantees with limited recourse.
3. Expensive exit provisions — buyout calculated as NPV of all remaining payments.
4. Lender consent not obtained, creating problems at refinancing or sale.
5. Reconciliation complexity and billing disputes.

Lender consent — what it means and why it matters

A PPA creates long-term obligations running with the property and grants the developer a license or lease to occupy roof space. If the property carries a mortgage, the lender must acknowledge and consent. The developer typically provides a consent and non-disturbance agreement: lender acknowledges the PPA, developer agrees the PPA is subordinate to the mortgage, lender agrees to give the developer notice in a foreclosure. Adds 30-60 days to execution timeline. Standard practice today but often skipped in early deals — which is where many of the historical PPA problems originated.

C-PACE lender consent is harder

C-PACE lender consent is more difficult because the assessment takes a senior lien position — ahead of the existing mortgage. The lender is being asked to subordinate their security interest, which is a larger ask than acknowledging a roof lease. C-PACE consent adds 60-90 days and is not always obtainable.

FEOC impact on PPAs

FEOC restrictions under OBBB now affect PPA developer equipment sourcing — panels from FEOC-listed manufacturers are ineligible for the ITC the developer relies on. This has pushed PPA developers toward non-FEOC panel sourcing. May affect pricing, availability, and timelines for new PPA agreements in 2026.

Financing Structures: Full Reference

Financing Structure	Best For	Key Advantages	Watch Outs
Community Solar (CDG)	No upfront capital; any building; tenant-pays-utility situations	Zero upfront investment; immediate positive cash flow; bill credits; no equipment ownership	Modest savings per site; commercial capacity varies; subscription terms vary; eligibility threshold applies
PPA / Solar Lease	No upfront capital; limited taxable income; off-balance-sheet preference	Developer claims credits; predictable energy rate; no capex	OBBB potentially weakens economics if IRA credits are reduced or eliminated
Energy-as-a-Service	No upfront capital; want outcomes not equipment; operational focus	No capex; provider owns and operates; payment tied to performance	Long contracts 10-20 yrs; complex exit provisions; provider quality critical
On-Bill Repayment	No upfront capital; smaller projects; utility-territory dependent	Repayment via utility bill; simple admin; minimal underwriting	Not in all territories; limited project size; program rules vary
C-PACE	Incentive timing gap; projects with equity; longer payback periods	Long terms 10-30 yrs; non-recourse; repaid via property tax assessment	High fixed closing costs (legal, title, origination fees); lender consent required; not in all jurisdictions; best for projects \$500K+
Bridge / Construction Loan	Incentive timing gap; rebate confirmed but paid post-completion	If available to borrower, solves cash flow gap between project completion and rebate receipt	Not a standard off-the-shelf product; payments run regardless of rebate timing
Finance Lease	Want ownership economics and tax benefits; have taxable income to use ITC and 179D; prefer fixed payments over loan structure	Retain ITC and 179D deductions; ownership and depreciation benefits for tax purposes; fixed payments; lessor holds legal title but borrower has economic ownership	Lease must be structured correctly for borrower to claim tax benefits; on-balance-sheet under ASC 842; may require personal guarantee
Term Debt (Const → Perm)	Want ownership; strong cash flow; full upside desired	Full ownership; access to all incentives; best economics if credits survive	Requires capital and creditworthiness; existing banking relationship typically required; construction component has high fixed costs
Equipment Finance	Want direct ownership from day one; have taxable income to use ITC and 179D; straightforward loan structure preferred; strong credit	Borrower owns equipment immediately; claim ITC, 179D, and bonus depreciation directly; lender takes UCC security interest in equipment	On-balance-sheet loan; rates vary 8-12%; may require personal guarantee for smaller borrowers

Terms/availability vary by credit, lender consent, project size, and territory. Structural reference only — not a quote or recommendation.

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A-6 Financing Structures: Full Reference

C-PACE mechanics — how it actually works

Four parties: (1) Property owner. (2) C-PACE capital provider — a specialized lender (Greenworks Lending, Petros PACE Finance, Nuveen Green Capital) — NOT a commercial bank. (3) Municipality — authorizes and administers the special assessment. (4) Existing mortgage lender — must consent. The capital provider funds the project. The municipality places a special assessment on the property — NOT a property tax reassessment. The owner repays through the property tax bill (semi-annual or annual). Assessment runs with the property on sale. Interest rates typically 6-10%. High fixed closing costs: legal, title, origination — typically \$15,000-30,000+ combined. Best for projects \$500K+.

Finance lease vs. equipment finance — the key distinction

Both result in borrower owning equipment and claiming tax credits (ITC, 179D, bonus depreciation). Equipment finance: borrower owns from day one via UCC-secured loan. Finance lease: lessor holds legal title during term; borrower has economic ownership; \$1 purchase option at end. Both are on-balance-sheet under ASC 842. Lease must be structured correctly for borrower to claim ITC — a poorly drafted lease shifts credits to the lessor.

Bridge / construction loan

NOT a standard off-the-shelf product at most commercial banks. What exists: short-term equipment financing from specialty lenders (e.g., Verdant Commercial Capital) — payments run on schedule regardless of when the rebate arrives. Rates: 12% for 24-month; 8.99% for 60-month. C-PACE often solves the timing problem more cleanly by removing the timing pressure entirely through a long-term assessment structure.

EaaS vs. ESCO — comparison

Energy-as-a-Service (EaaS): subscription model, provider owns equipment, monthly fee for outcomes, long contracts (10-20 yrs), no savings guarantee, no ownership. Best for: single commercial buildings wanting zero capital and zero operational burden.

ESCO (Energy Service Company) Performance Contract: ESCO designs, finances, installs, and GUARANTEES savings. Owner typically takes ownership at contract end. Complex M&V requirements. ESCO bears performance risk. Best for: large institutional portfolios (schools, hospitals, municipalities) with long ownership horizons and institutional procurement capacity.

For most Capital Region commercial building owners, EaaS is the more accessible and practical option.

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Reference guide for BOMA Capital Region presentation — March 18, 2026. Not legal, tax, or financial advice. Verify all incentive programs, deadlines, and terms before project decisions.