



*NAESCO*

June 14, 2019

# What is PACE?

PACE is a tax-assessment based financing mechanism for energy efficiency, renewable energy, and water conservation projects.



# New Idea?

## *Financing a Public Purpose*



**1736** – First Assessment District in Philadelphia

**Today** – 37,000 Assessment Districts nationwide

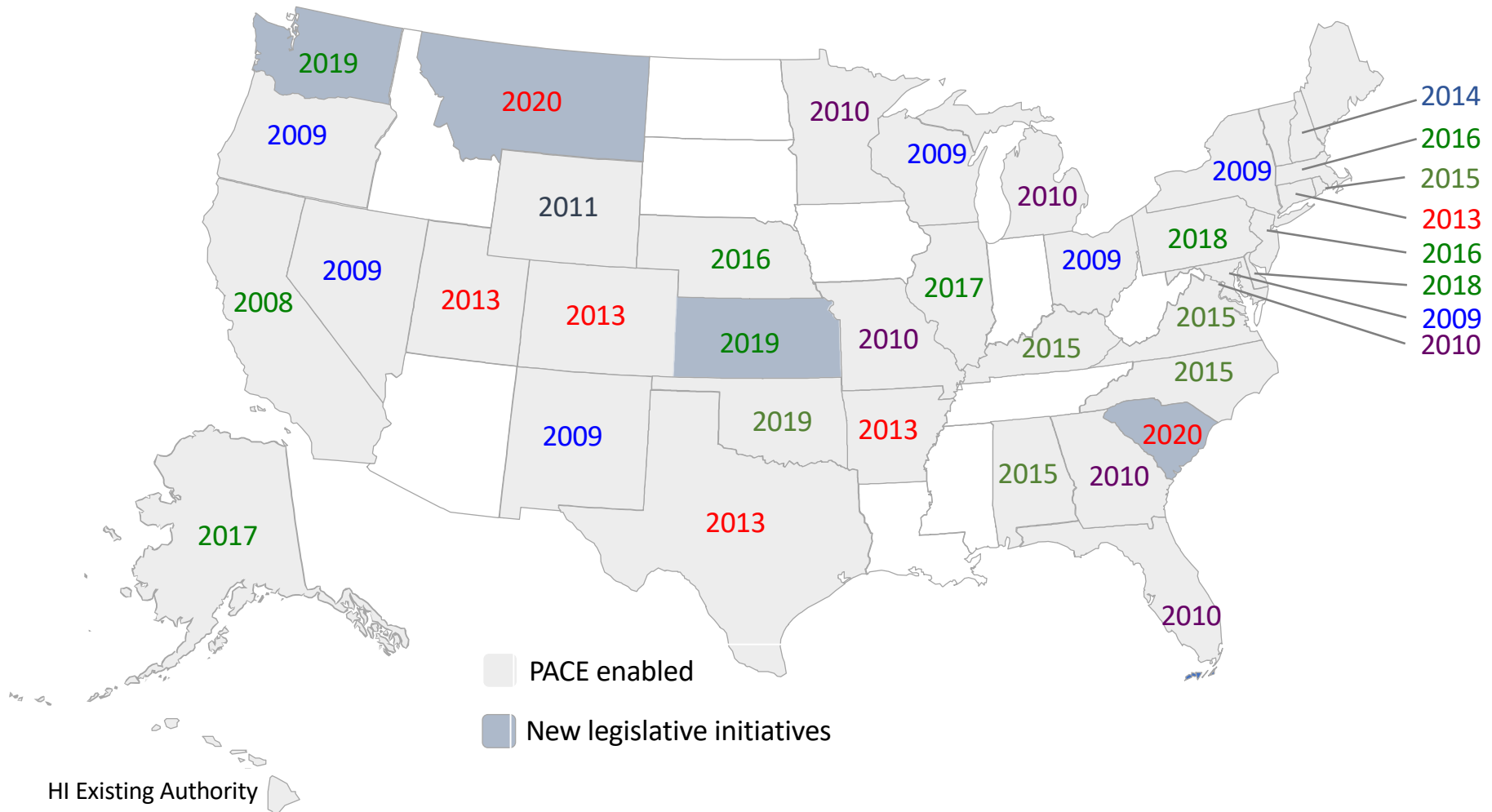
- ✓ Water & Sewer Service
- ✓ Parks
- ✓ Sidewalks
- ✓ Lighting
- ✓ Downtown renewal
- ✓ Energy Efficiency (PACE)

# PACE Process

1. State passes enabling legislation
2. Tax-collecting jurisdictions enable PACE programs.
3. Administration by the state, muni, or contracted to an independent Third Party Administrator
4. Projects financed by bonds or loans from PACE capital providers.

# PACE Legislation

36 States and DC 84+% of the U.S. Population

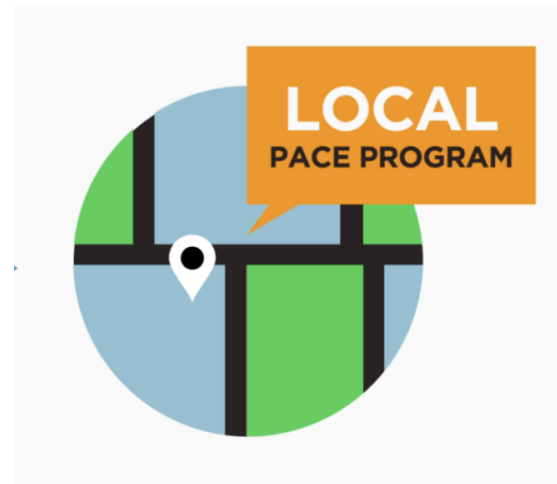


# PACE Process

1. Energy related project(s) identified
2. Underwriting process ensures property qualifies
  - ✓ For C-PACE projects, lender consent is required
3. Funding provided
4. PACE assessment placed on tax bill

# What Makes a PACE Project?

*Local Government "Services" the financing*



# Why Building Owners Love PACE

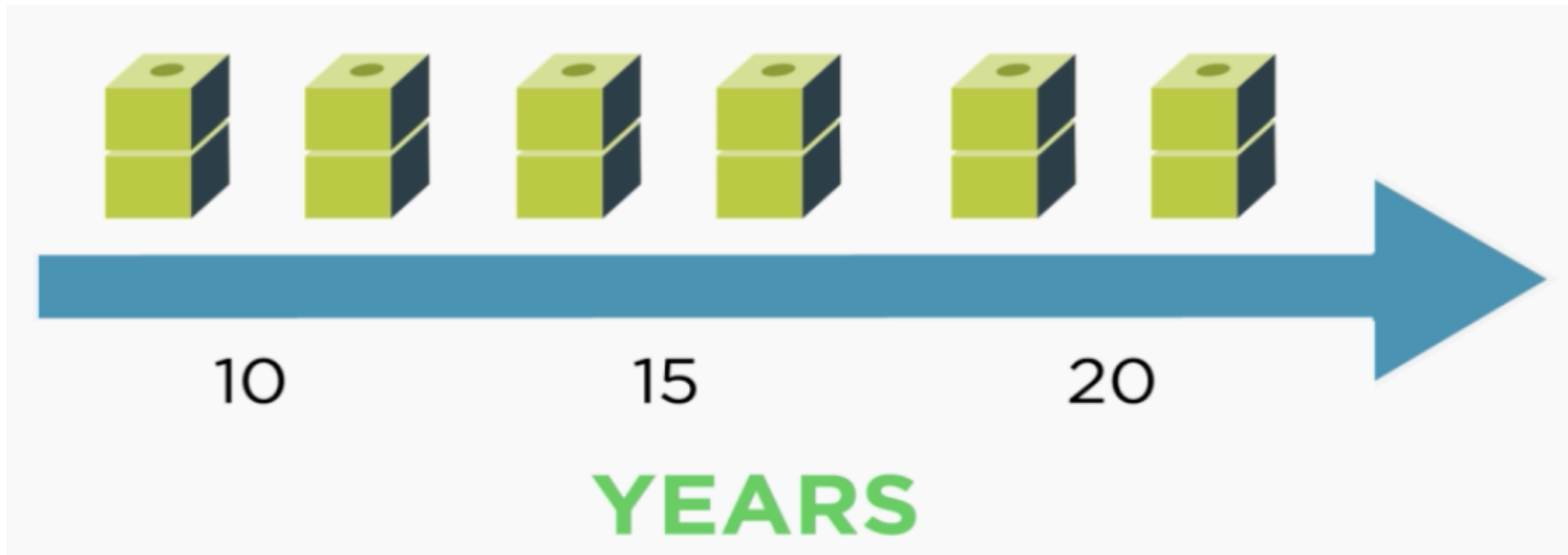
*No \$ out of pocket - Hard and Soft Costs*





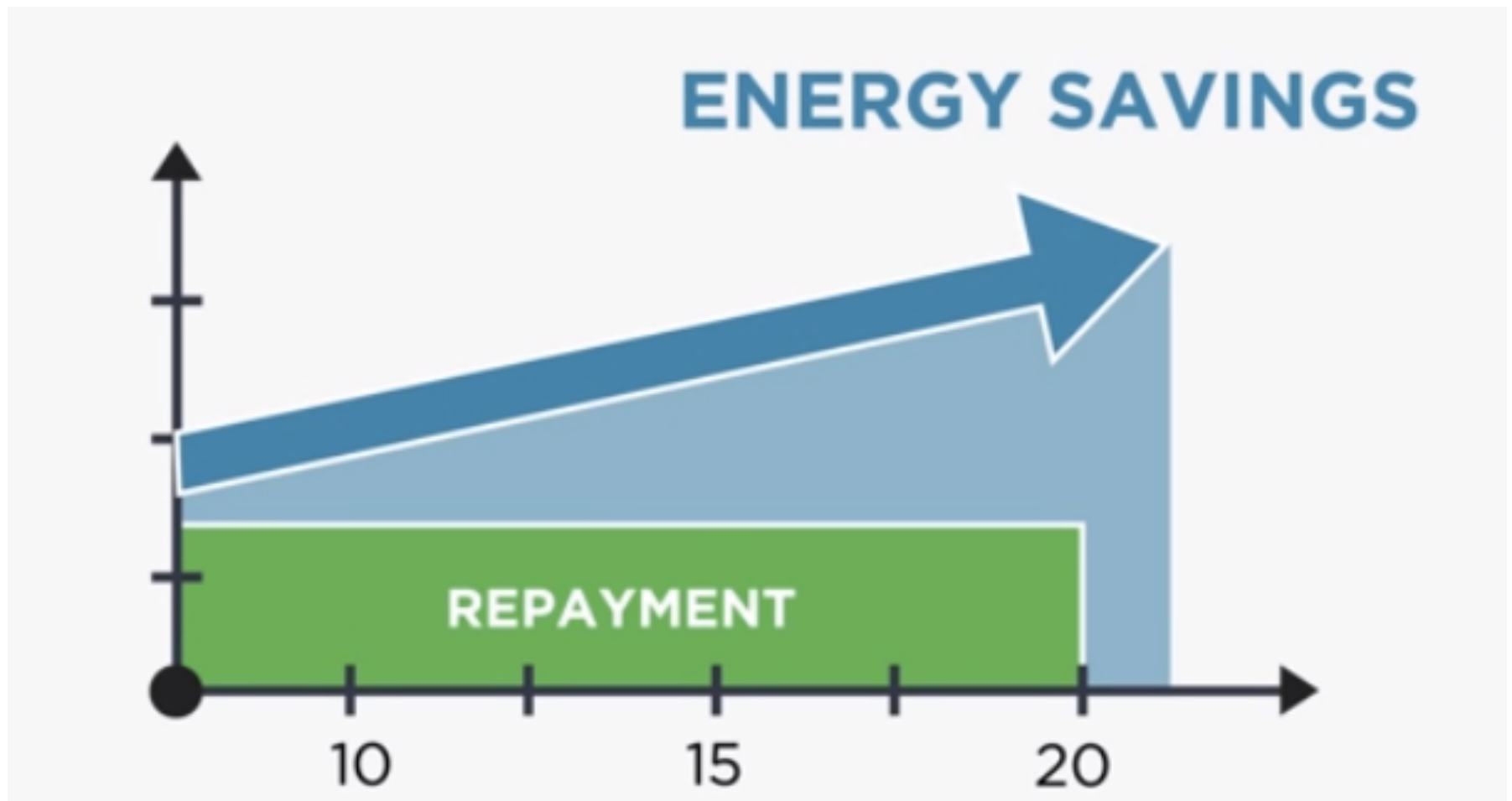
# Why PACE?

*Long Payback*



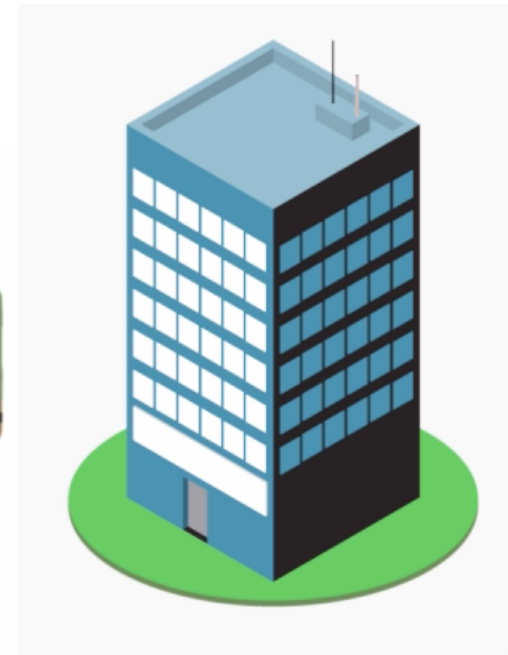
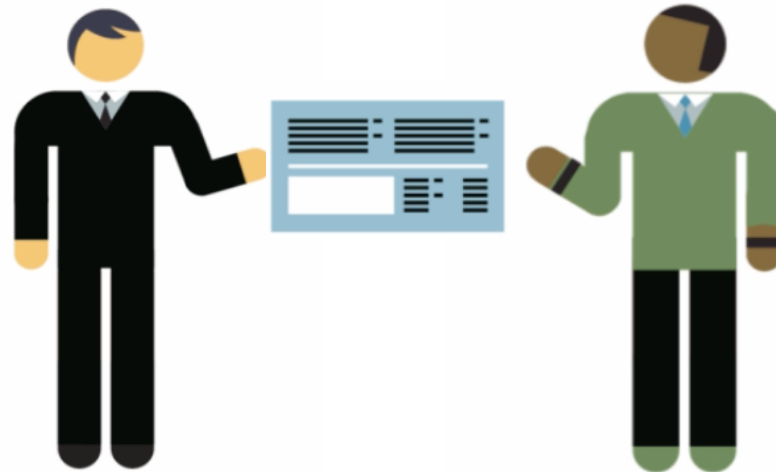
# Long-Term Payback

*Makes Projects Cash-Flow Positive*



# Why PACE?

*Assessment Transfers on Sale – C-PACE Yes, R-PACE No*



# Why PACE?

*For C-PACE - Costs and Savings Shared with Tenants*





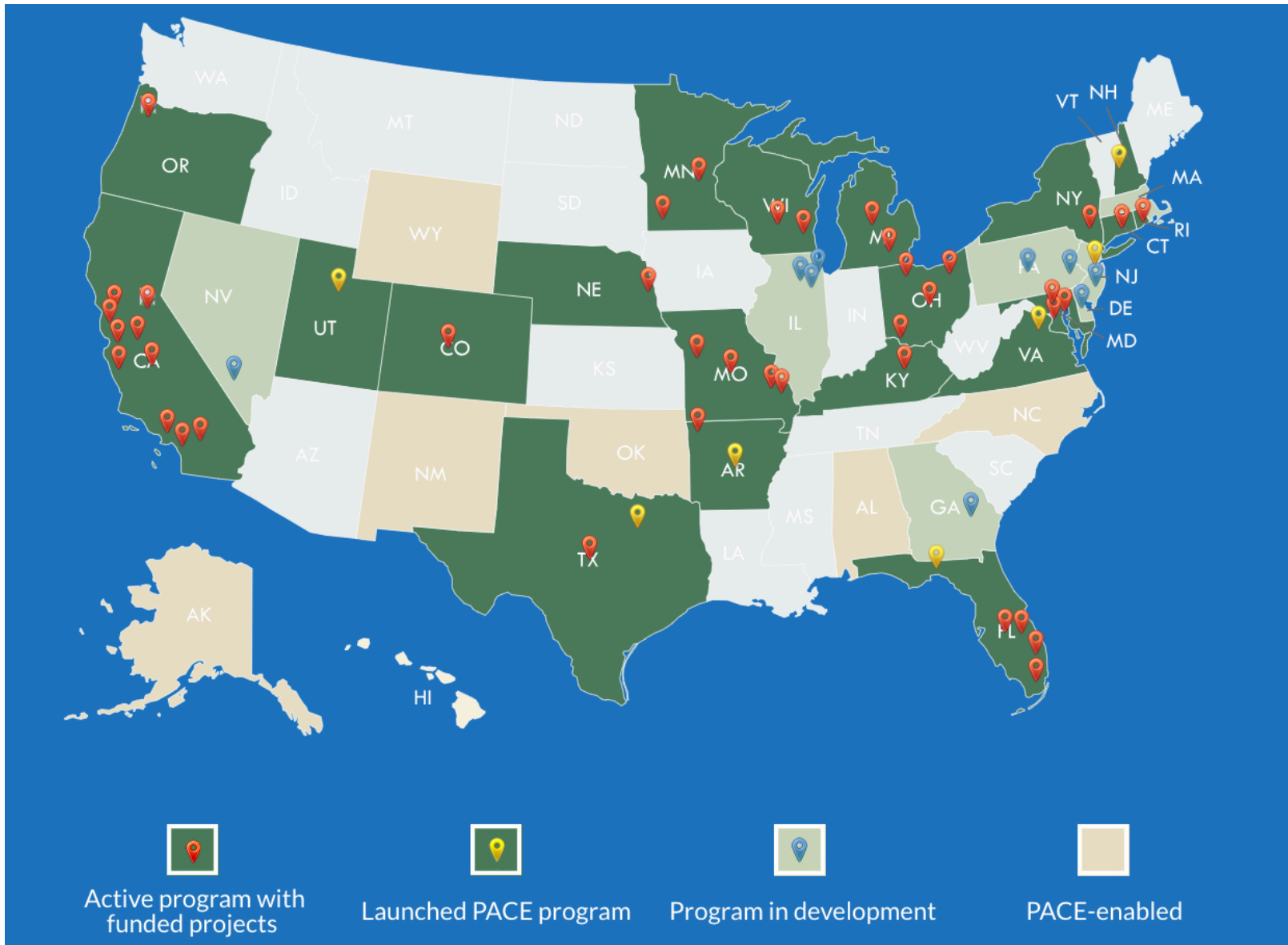
C-PACE is Working

# C-PACE Programs Today

1,934+ Projects

\$883+ Million

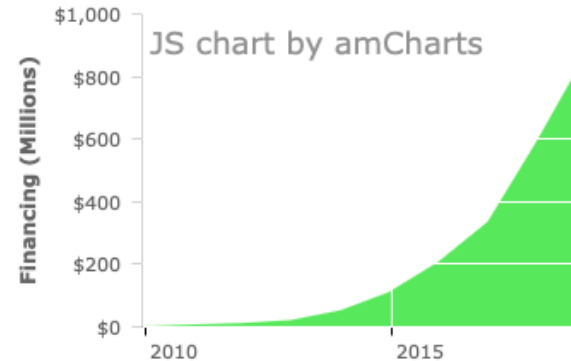
13,245 Jobs



# C-PACE Market Data



Cumulative C-PACE Financing  
2010-2017



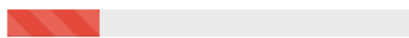
C-PACE improvement type  
breakdown

(By \$ funded)

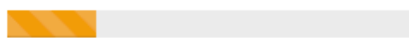
Energy Efficiency only (49%)



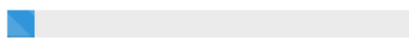
Renewable energy only (23%)



Mixed (22%)

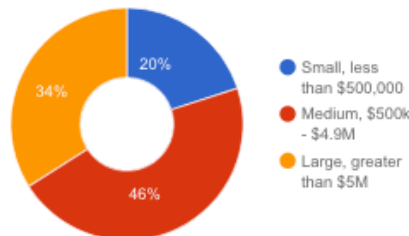


Resiliency only (7%)



C-PACE projects by  
amount financed

(By \$ funded)

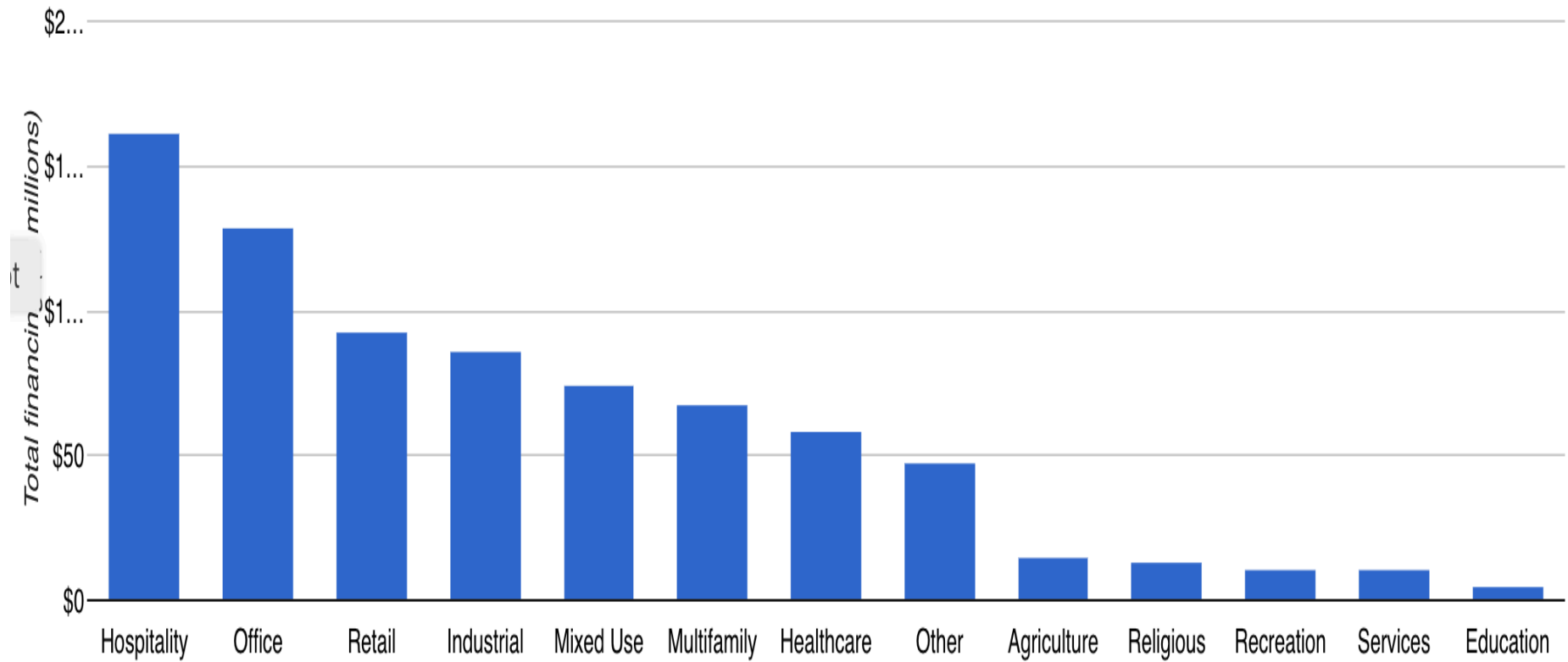


C-PACE dollars funded in each  
state (states > \$10MM)

(By \$ funded)

State	Total PACE amount (\$, Millions)
CA	293
CT	122
OH	125
MN	58
MO	54
TX	43
CO	37
DC	34
NE	28
MI	25
WI	25
FL	17
MD	11

# C-PACE Market Data





# Hartford, CT

## *Statehouse Square*



# Milwaukee, WI

## *Mackie Historical Building*



# Santa Rosa, CA

## *Paradise Ridge Winery*



# Austin, TX

*Beth Israel Congregation*



Ann Arbor, MI

*Bobs Big Boy*



# Goshen, NY

## *Five Spoke Creamery*



# Covington, KY

## *Ivy Knoll Retirement*



# C-PACE

## *Key issues - Takeaways*

- ✓ Early stages – good market penetration
- ✓ Consistent growth
- ✓ New legislation and program development
- ✓ Supply – PACE in more places
- ✓ Demand – awareness and understanding!
- ✓ Project complexity – long sales cycle
- ✓ Importance of data





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