PACE: Property Assessed Clean Energy

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Property Assessed Clean Energy (PACE)

- External funding process for making energy efficiency improvements to commercial buildings and/or installing alternative energy generation equipment, including solar PV, solar thermal, wind, geothermal, etc.

- Annual expense - not a capital expense or loan.
PACE

Involves 3 parties:

1. Building Owner seeking improvements
2. Energy Services Company to install improvements
3. Port Authority for external financing through issuing bonds
PACE

✓ Focuses on lighting, HVAC, building systems, building envelope, and renewables
✓ Creates energy savings to provide a payment stream
✓ Voluntary assessment, not conventional debt = off-book financing
✓ Assessment remains with the building in the event of a sale
PACE

✓ Requires local government establishing an ESID (Energy Special Improvement District)
✓ Commercial only, not residential
✓ Successfully used in 30 states, including Ohio, particularly in the Toledo region
✓ Dayton Regional Port Authority is prepared to initiate the program
# Advantages to PACE

## Barriers to EE Upgrades

1. Lack of funds  
2. No lenders  
3. Poor ROI- Short term funding  
4. Might sell property  
5. Split incentives  
6. Debt limitations

## PACE Solutions

1. 100% external source  
2. Unlimited private capital  
3. Positive cash flow- Long term funding  
4. Transfer to new owner  
5. Tenants share cost/savings  
6. Operating expense
PACE Process

1. Identify interest from building owner
2. Conduct energy efficiency assessment (rebates available)
3. Energy Conservation Measures (ECM) list showing energy savings and simple payback
PACE Process

4. Port Authority creates term sheet
5. Finalize and sign contract
6. Install all EE improvements
7. Make annual payments with taxes
Thank You

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