



Commercial PACE (C-PACE)



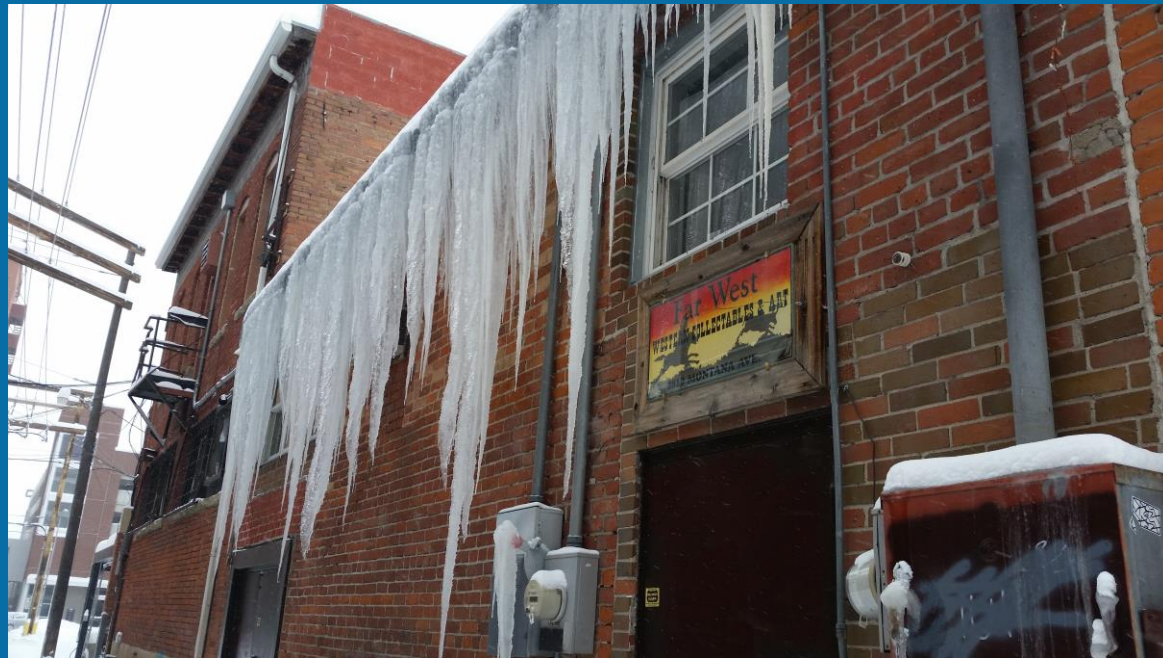
Want to save money on your utilities?



Energy Efficiency: the least cost energy is the energy we don't use.

Energy Efficiency upgrades:

- Save money to building owners
- Create jobs for contractors, suppliers, and engineers
- Spur local economic development—money stays local
- Are a powerful tool in fighting climate change (20% of U.S. total energy is used in commercial buildings)



Why don't Montanans make the investment in energy efficiency?

PROBLEM: Financing gap. Many building owners don't pursue energy efficiency and renewable energy upgrades that would save them more money over the long term because of the up-front cost of these upgrades.

Affordable financing is hard to find.

SOLUTION: Commercial Property Assessed Clean Energy (C-PACE) is an energy efficiency financing tool that will save Montana's businesses money, create jobs, and help build thriving communities.

What is C-PACE?

Commercial Property Assessed Clean Energy

- Energy efficiency and renewable energy financing tool
- 100% upfront financing for upgrades to existing buildings
 - Energy efficiency upgrades
 - Water conservation upgrades
 - Renewable energy upgrades
- Paid back as an assessment on annual property tax bill
- Long term (up to 20 years)

Old Concept- New Application

Tax Assessments are a private financing tool that the local government facilitates. We use tax assessments to pay for things we've determined to be a public benefit:

- ✓ Water and sewer service
- ✓ Parks
- ✓ Sidewalks
- ✓ Street lighting
- ✓ Downtown renewal

C-PACE establishes that clean energy upgrades are a public benefit and are therefore assessable.



BUT unlike the above upgrades, C-PACE is a voluntary assessment.

Where does the money for C-PACE come from?

1. Uses private capital from local banks and investors.
2. C-PACE is an “open market”, meaning any number of banks and investors can participate.
3. 167 Lenders across the country are participating as C-PACE lenders.

Who can use C-PACE?

Eligible property types:

- Commercial
- Industrial
- Agricultural
- Non-Profit
- Multifamily housing



Eligible Upgrades:

- Insulation
- New heating and cooling systems
- Lighting improvements
- Solar panels and other onsite renewable energy
- Water efficient fixtures and more



Why property owners want C-PACE?

- Make necessary building improvements
 - Save money on utilities
 - More disposable income
 - Increase business profitability
- Increase the value of the property
- Improve and maintain existing buildings/Main Street

Reasons to use C-PACE continued ...

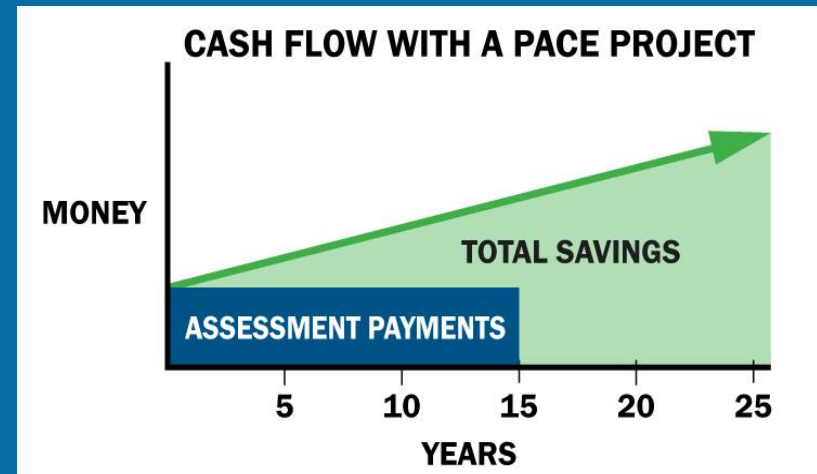
- Unlike a loan, there are no credits checks, or debt to income analysis.
- Eligibility: current on property taxes, appropriate assessment to value ratio.



Credit: Homeward MT

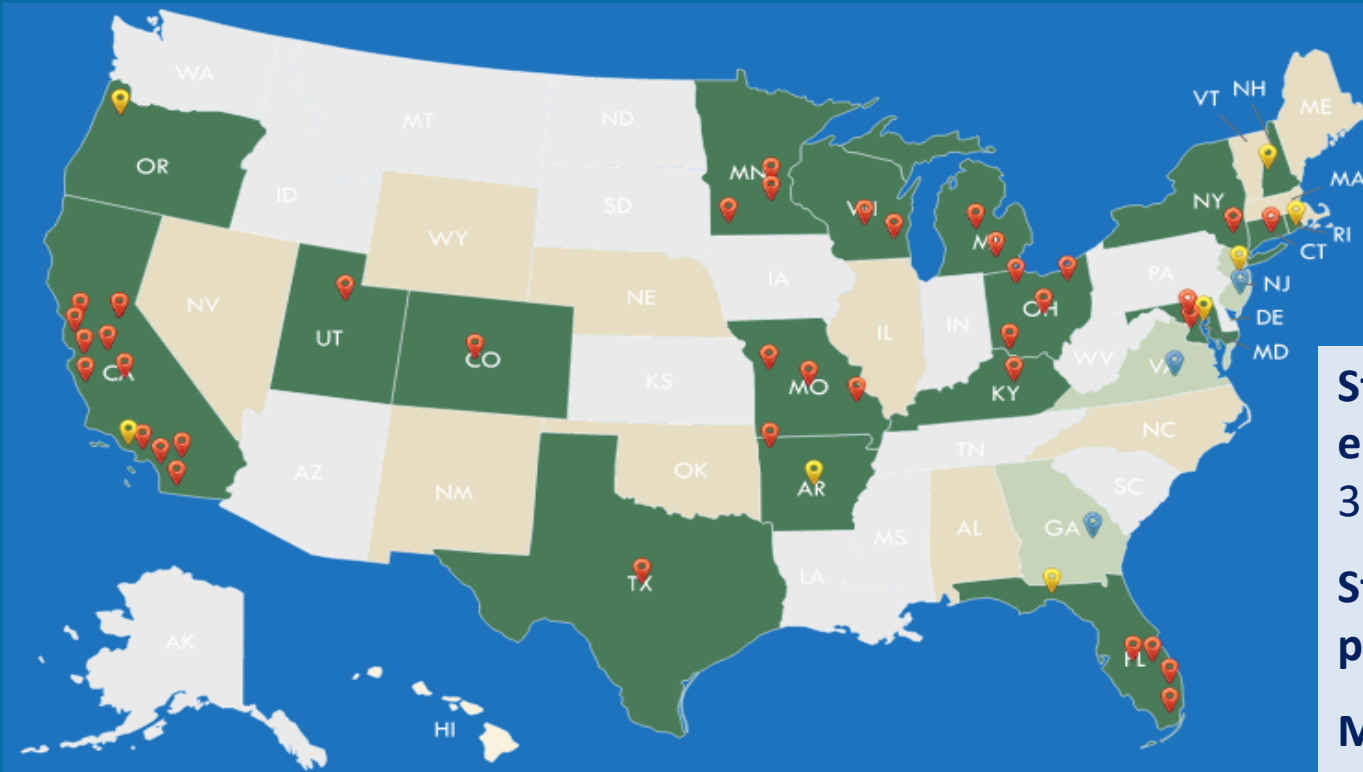
Why use C-PACE over other financing?

- Accessible financing = zero up-front cost
- Spread the payback over the life of the improvements
- Savings are greater than investment
- C-PACE is a NOT a loan - Property lien = transferable upon sale



This addresses 2nd major barrier to energy efficiency investments: building owner fear that may sell building before realizing full savings.

PACE Nation



States with PACE-enabling legislation:
36 + D.C.

States with active PACE programs: 19

Municipalities with PACE programs: 2,500+



Active program with funded projects



Launched PACE program



Program in development



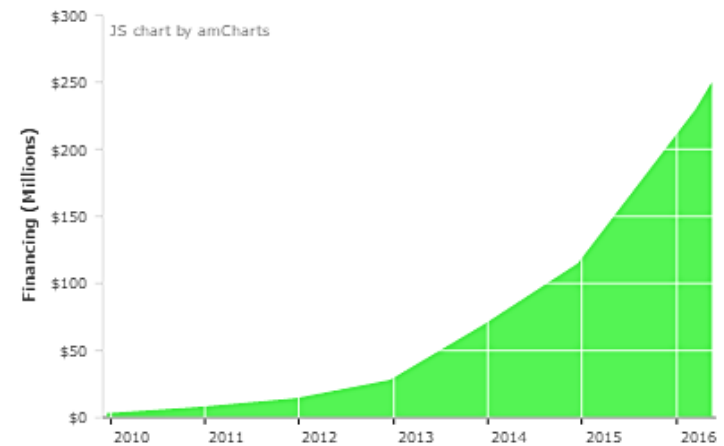
PACE-enabled

C-PACE Impact 2017



Cumulative C-PACE Financing

2010-2016



How do we get C-PACE?

- State/ Legislature
 - passes enabling legislation
- Counties
 - pass a resolution to “opt in” to statewide C-PACE program
- Banks and investors
 - agree to be a C-PACE lender
- Contractors
 - Get necessary certifications to make C-PACE eligible upgrades
 - make improvements

HOW A PACE PROJECT WORKS



1. *The County* chooses to enable PACE.



2. *The Property Owner* gets a baseline energy audit to identify needed efficiency upgrades.



3. *The Property Owner* submits a project application to the PACE program administrator.



4. *The Program Administrator* reviews the application with an independent review of energy projections.



5. Valid projects are sent to PACE participating *Banks and Investors*.



6. *Local Workers* get the job.



7. *The Property Owner* pays back PACE financing as an assessment on their property taxes.

THE OUTCOME:



The Property Owner wins by saving money and improving their building.



Local Workers win by getting more job opportunities.



Banks and Investors win by making a low-risk investment.



The County wins by meeting its goals of enhancing local business.

Case Study: Salut Restaurant, MN



Credit: Eutectics

Upgrade financed: LED lighting retrofit

Total Project Cost	\$50,622
- Xcel efficiency rebate	\$20,000
Total PACE financing	\$39,308*

*includes admin. cost and interest

Total down **\$0**

6 year term

Annual PACE assessment payment: -\$9,334

Annual energy and operations savings: +\$15,296

first year, adjust upwards 2.25% annually

Total Annual Savings (Years 1-5): \$6,383

Total Annual Savings (Year 6+): \$17,096

Case Study: University Club



Total Project Cost: \$1,900,000
C-PACE financing: **\$662,600**

Total down- \$0
18 year term, 6% interest

Annual C-PACE assessment: Approx. \$61,200
Average annual savings: \$75,000

Net annual savings (years 1-18): \$13,800
Net annual savings (18+ years, after term):
>\$61,200

Upgrades financed:

- Window repair
- 4 HVAC systems; steam trap remediation, air units and air balancing
- LED lighting retrofit

Questions?

