



NEW JERSEY PACE

Property Assessed Clean Energy



**A BETTER WAY OF FUNDING
SOLAR (AND ENERGY EFFICIENCY), FOR
COMMERCIAL, INDUSTRIAL. INSTITUTIONAL /
NON-PROFIT AND MULTIFAMILY
PROPERTY OWNERS**

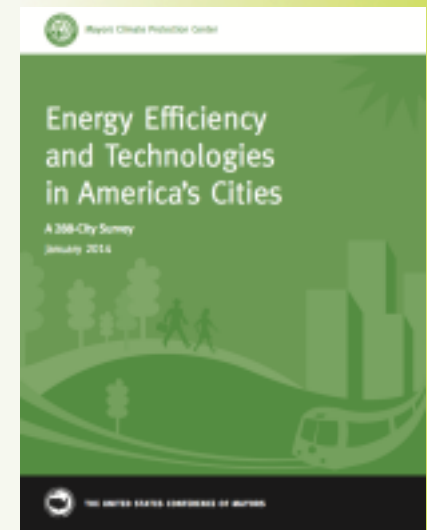
NJPACE

NewJerseyPACE.org
A NJ 501c3 Nonprofit

AMERICA'S MAYORS STRONGLY SUPPORT CLEAN ENERGY

New report shows that America's Mayors strongly support expanding energy efficiency and renewables in their communities

- ❖ Nearly a quarter assigned a priority to retrofitting commercial/industrial buildings
- ❖ A majority identified community outreach and engagement on energy efficiency and energy technologies as the top activity
- ❖ 45% of mayors turn to their business community to support city efforts to reduce emissions
- ❖ The “most significant” challenges cited were budget/fiscal constraints (84%) and high up-front costs (71%)



WHY BUILDING OWNERS DON'T UPGRADE

- ❖ Don't have the money to invest or have other priorities for the money
- ❖ Don't want an added liability on balance sheet
- ❖ Not sure how long they will keep the building
- ❖ Don't want to wait for a multi-year payback
- ❖ Are not energy experts and therefore don't know what's possible / available

HOW PACE ADDRESSES THESE ISSUES

- ❖ 100% financing, no out-of-pocket expenses
- ❖ No liability on business balance sheet since obligation stays with the property
- ❖ Financing is relatively secure (payments collected by municipality, along with taxes)
- ❖ The Special Assessment transfers with the property when it's sold
- ❖ Increases NOI and enhances property value
- ❖ Saves \$\$\$ on energy, cashflow positive from Day 1

COMPARING PACE, PPAs, AND LEASES

❖ Property owners own their systems

✧ 100% financing against the property, receive all benefits, no debt

❖ Financing not dependent on owner's credit

❖ Transfers on sale

❖ 20+ year terms

Key Benefits	PPA*	NJPACE
Financing Costs	High	Low
Tax Incentives	X	✓
SREC Revenue	X	✓
Transferable on Property Sale	Maybe	✓
Increased Property Value	X	✓
Tenants Share Costs/Benefits?	Some	✓
Accelerated Depreciation	X	✓
Available to <u>All</u> Contractors?	X	✓

HOW DOES PACE WORK?

- ❖ **Property Assessed Clean Energy uses the *Special Assessment* mechanism to finance:**
 - ❖ Solar PV and thermal systems
 - ❖ More efficient HVAC and equipment
 - ❖ LED lighting, insulation, green roofs, etc.
 - ❖ CHP / Cogeneration systems
 - ❖ Biomass, wind, other renewables
- ❖ **Special Assessment mechanism not new, just its application to energy and other systems**
- ❖ **New legislation will expand PACE to cover resilient construction, water conservation, shelters**

WHAT ARE THE MAIN BENEFITS?

- ❖ **NJPACE makes possible:**
 - ❖ **upgraded, resilient building stock**
 - ❖ **capital investments that make communities more competitive**
 - ❖ **economic development, including local jobs**
 - ❖ **business attraction and retention for communities and municipalities**
 - ❖ **carbon pollution reduction**
- ❖ **Program sets criteria and reviews proposed energy efficiency and renewable energy improvements**

WHAT MAKES PACE WORK?

- ❖ **Property Owners save money**
 - ✧ Energy savings are greater than assessment payments, creating a positive cash flow
- ❖ **Investors are protected**
 - ✧ Special Assessment mechanism is relatively secure, providing long-term stable returns to investors
- ❖ **Upgrades add asset value to properties**
- ❖ **Municipalities are reimbursed for all costs**
- ❖ **Program increases awareness and practical action to create jobs and reduce carbon pollution**

WHAT NEW JERSEY PACE PROVIDES

New Jersey PACE:

- ❖ Leverages game-changing laws passed in NJ and 30 other states
- ❖ Works with municipalities to apply the Special Assessments that secure the financing
- ❖ Educates relevant constituencies: municipalities, property owners, contractors, funders
- ❖ Matches funding sources with projects, if owners need financing
- ❖ Can be used as a transformative strategy for older communities
- ❖ Collects data on program outcomes

NJPACE AS ADMINISTRATOR

- ❖ **Open-market platform for property owners, energy contractors and lenders**
- ❖ **Uniform documentation and procedures**
- ❖ **Coordination of all aspects of the Program on behalf of municipalities**
- ❖ **Assists municipalities in gaining approval and handling assessments**
- ❖ **Public education and outreach**

RESILIENCY

THE FUTURE AFTER SUPERSTORM SANDY

- ❖ Demonstrated fragility of the electrical grid
- ❖ Cost of extreme climate events is increasingly real
- ❖ Evident need for distributed generation and emergency backup storage
- ❖ New business models can pay for clean emergency power – right now
- ❖ A mix of clean energy resources in the Northeast led by solar power can provide all new and replacement electric generating capacity for the future



New Jersey PACE Management

- ❖ **Jonathan Cloud—Executive Director.** Serial entrepreneur and nonprofit executive, designer/builder, conservation and renewable energy expert
- ❖ **Gus Escher—Director of Finance.** Investment Banker, land use planner & former NJ local elected official
- ❖ **Victoria Zelin—Director of Development.** Business development consultant, former Deloitte Sustainability Practice Business Development leader

NJPACE is part of the Center for Regenerative Community Solutions (CRCS) a 501c3 NJ nonprofit

Thanks for your attention!