



# PACE

## Property Assessed Clean Energy



Electric Utility Commission  
November 18, 2013

- **Property Assessed Clean Energy (PACE)**  
SB 385 sponsored by Sen. Carona and Rep. Keffer, passed June 2013.
  - Bipartisan support from environmental, business communities
- Austin City Council passed resolution in late June 2013 directing staff to research and develop PACE program.
- *Keeping PACE in Texas*, nonprofit that helped pass SB 385, is now working to organize implementation across Texas.

## ● What is PACE?

- Provides special assessment for water and energy upgrades.
- In Texas, restricted to commercial (including multifamily) and industrial properties. No single-family residential properties.
- Cost of financing is offset by water and energy savings.

- How does PACE work for the property owner?
  - Property owner identifies energy and water saving opportunities
  - Property owner qualifies for program and financing
    - Financing source can be public bonds or private financing.
  - Property owner takes out PACE loan
    - PACE, with the consent of the lien holder, is a **senior lien** and stays with the property (not with the owner)
  - Property owner pays back loan through a special assessment

- How does PACE work for local governments?
  - Administer own program or contract a 3<sup>rd</sup> party administrator
  - Identify program's geographic boundaries (multiple local governments can join together)
  - Develop a financing plan: use bonds and/or 3<sup>rd</sup> party financing
  - Establish program eligibility and underwriting standards
  - Take steps to establish program
    - Publish a report with details of a fully developed program
    - Take public input; hold a public hearing
    - Adopt a “resolution of intent” to create a program

# Current PACE Activity



- 11 states (plus Washington D.C.) have active PACE programs, with varying levels of success. Many others are developing programs.
- Program implementation is complex; lessons from other states are informing Texas program design standards.
- Regional approach is preferable: provides consistency and economies of scale.
- Important to get it right from the start, avoid confusion.
- City of Austin staff actively participating in statewide planning efforts.



- *Keeping PACE in Texas* is leading the effort to develop “PACE in a Box” – a toolkit of recommendations and templates for counties and municipalities to use.
  - **Goal:** Create viable, cost effective, user-friendly, scalable and sustainable PACE programs in Texas.
  - **Timeline:** Dec 2013 toolkit draft; Jan 2014 marketing and outreach; Fall 2014 first programs expected to launch.

- Committees of experts from across Texas are crafting tools for “PACE in a Box” that can be used statewide. City of Austin staff are represented on all committees.
  - **Represented:** Building Owners and Managers Assoc (BOMA), State Energy Conservation Office (SECO), Texas Mortgage Bankers Assoc (TMBA), Texas Assoc of Business (TAB), Travis County Tax Assessor/Collector, Texas Assoc of Regional Councils (TARC), Public Financial Management (PFM), Environmental Defense Fund (EDF), Sierra Club, and so on.



# Recommended Timeline & Next Steps



- Ongoing: participate in “PACE in a Box” and internal planning meetings; legal analysis of PACE and on-bill financing (per Council).
- Sept: submit interim memo to Council.
- Nov: provide updates to EUC, RMC.
- Dec: submit status report update to Council.
- Jan–Mar: continue participating in statewide planning; ongoing work to develop regional program.

# Commission Feedback



- Austin PACE team to continue following regional approach?
- Approve proposed timelines?
- Other?

# Questions?