



# Property Assessed Clean Energy (PACE)

## Electric Utility Commission Update

December 15, 2014





# PACE Legislation

PACE: Property Assessed Clean Energy,  
SB 385

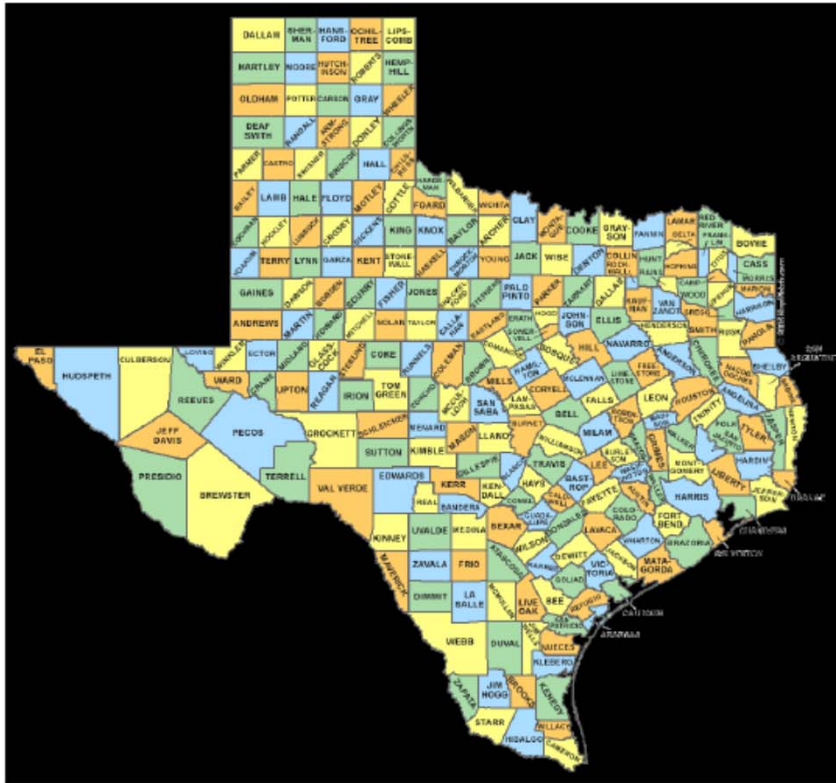


- Authorizes Local Governments to set up PACE programs
- Defines the process required of Local Governments
- Property owners can finance qualified improvements
- Contractual assessments voluntarily placed on the property

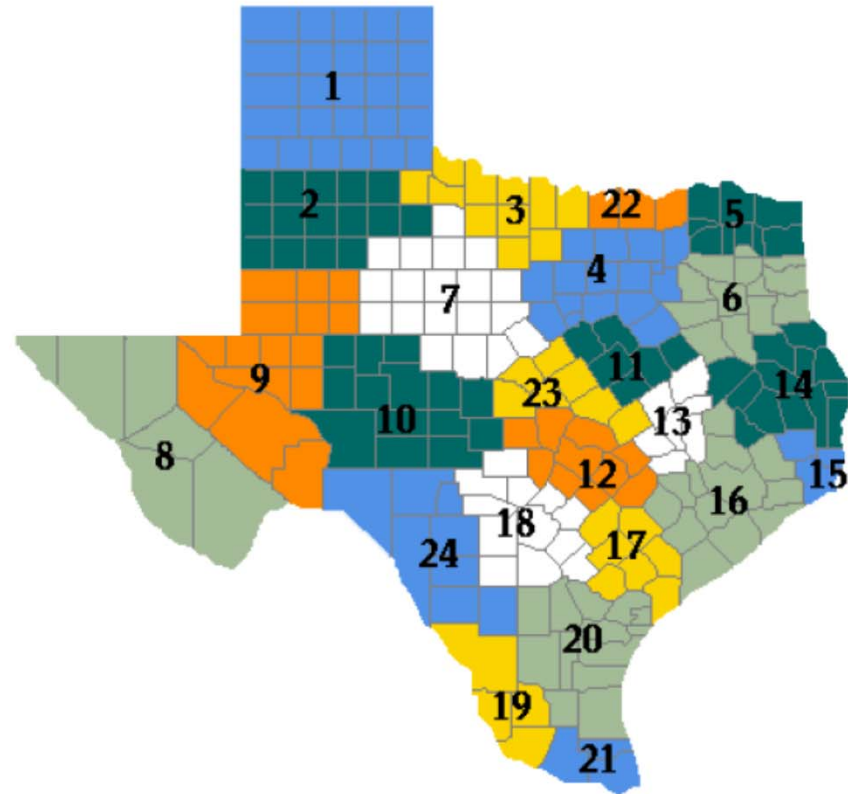


# Regional PACE Approach is Best

**1,200 Municipalities**  
**254 Counties**



**24 Regional Councils of Government**



Source: Thompson & Knight





## PACE Defined

- PACE funding applies to owners of commercial, multifamily and industrial properties
- PACE enables long-term financing for water conservation, energy-efficiency improvements, and renewable retrofits.
- PACE financing may extend up to 20 years
- Utility cost savings can exceed the assessment resulting in positive cash flow
- Assessments are transferrable to new property owners



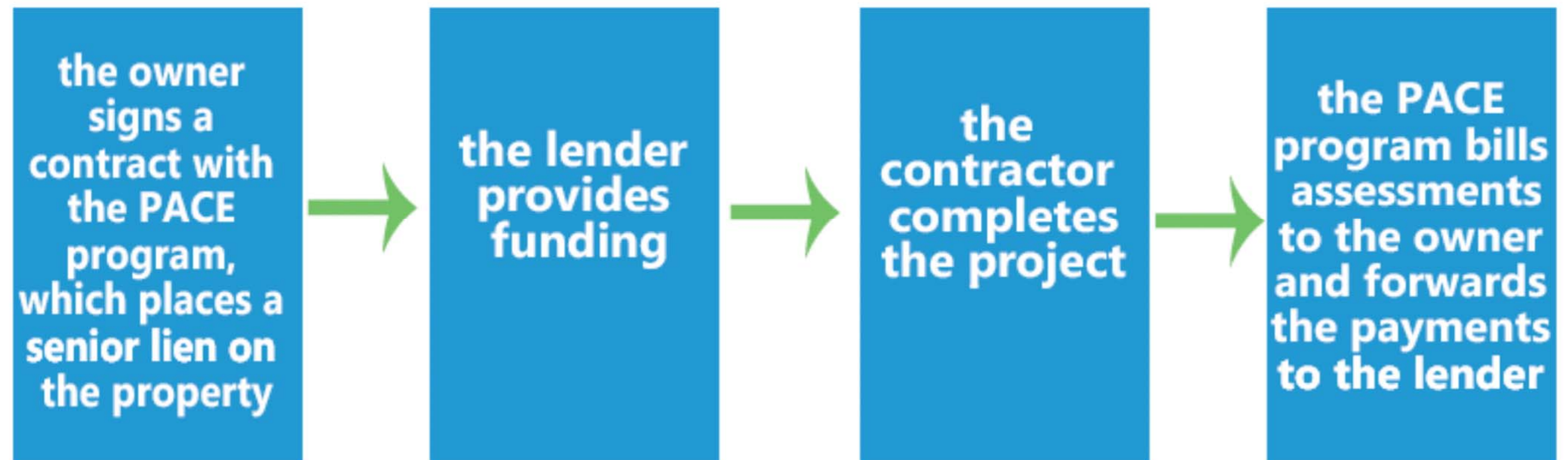


## How It Works

### A Building Owner:



### If the owner, building and project all meet PACE requirements:



Source: Thompson & Knight





## PACE assessment attributes

- Written consent of the existing mortgagee is required
- Projects must be permanent improvements to existing facilities
- Projects must save water, energy, and/or add renewable energy
- Assessment may pass through to tenants through NNN leases
- PACE legislation requires an independent review of the projected savings





## Our Approach

- Support a standardized approach
  - Easier for customers to understand
  - Easier for lenders to understand
  - Facilitates alignment with legislation
  - Reduces program development efforts
- Support a regional approach
  - Easier for ESCOs and contractors who work in multiple jurisdictions
  - Better for lenders
  - Covers more of AE service territory, more customers can participate
  - Creates economies of scale
  - Reduced administration overhead cost





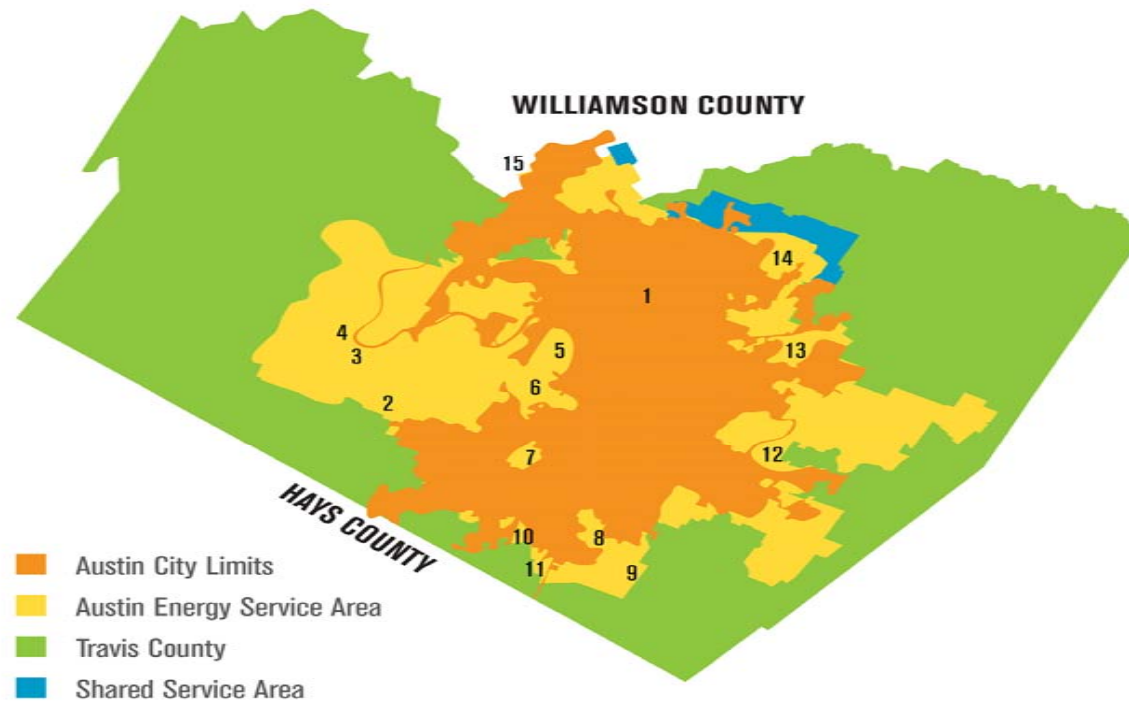


# Service Territory (supports regional approach)

## Austin Energy Service Area Boundaries

*50% City of Austin / 50% Outside City of Austin*

- |                         |                           |                  |
|-------------------------|---------------------------|------------------|
| 1. City of Austin       | 6. City of Westlake Hills | 11. Buda         |
| 2. City of Bee Cave     | 7. City of Sunset Valley  | 12. Del Valle    |
| 3. Village of the Hills | 8. Village of Creedmoor   | 13. Manor        |
| 4. City of Lakeway      | 9. City of Mustang Ridge  | 14. Pflugerville |
| 5. City of Rollingwood  | 10. Manchaca              | 15. Cedar Park   |







## Status of PACE in Texas (standardized approach)

### “PACE in a Box” Toolkit

- Model documents for Local Governments to:



- Create viable, cost effective, user friendly, scalable, and sustainable PACE programs
- Encourage and support local discussions about forming regional or multi-jurisdictional programs
- Set of templates and model documents posted on website



## Focus Group Results

- Conducted three customer focus groups
  - Medium Commercial
  - Large Commercial
  - Key Accounts
- Customer Feedback
  - Focus on terms and conditions
  - Most customers neutral with limited details
  - Concerns over 1st lien status, transfer on sale, passing assessment to tenants
  - Concern over local government administration
  - Customers need more education





## AE participation

- Keeping Pace in Texas (KPT)
  - AE participated in PACE-in-a-Box development
    - Technical Committee
    - Financing Committee
    - Programs Committee
- South Central Partnership for Energy Efficiency as a Resource (SPEER)
  - AE SPEER Member and Participant
  - Conducted multiple webinars
  - Statewide workshop (9/23/2014)





## Update on Local Government Activity

- No PACE program set up to date
- Several LGs interested in PACE programs
  - City of Plano, City of Fort Worth, Travis Co.
- Other LGs looking into PACE programs
  - City of Dallas, City of San Antonio, Harris County
- Several COGs looking at PACE and assisting interest
  - Rio Grande COG, NTCOG, ACOG, H-GAC
- EDF providing support to facilitate administration





## Resources on PACE



Texas Resource:  
[KeepingPACEinTEXAS.org](http://KeepingPACEinTEXAS.org)



National Resource:  
[PACEnow.org](http://PACEnow.org)





## Q&A

- Thank you!

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