



PACE (Property Assessed Clean Energy)

Financial Instrument - General Level

General Information

Name of FI:	PACE (Property Assessed Clean Energy)
Country:	United States of America
Region:	Several States

Model Description

Ownership:	Public+private
Managing Authority:	Department of Energy (DOE) and others (private investors)
Fund Manager:	Depending on the case
Timing:	-
Fund size (Total funds - €)	-
Source of Finance:	Petros PACE Finance (national PACE lender) and others from the different States [mainly private partnership that works with local government, contractors, property owners, and lenders to invigorate each States' PACE statutes]
Type of projects:	Energy Efficiency, Renewable Energy
Subtype of projects:	Building retrofits, Condensing boilers, Light management, Photovoltaic solar energy
FI description:	<p>Property Assessed Clean Energy (PACE) is a financing mechanism that enables low-cost, long-term funding for energy efficiency, renewable energy and water conservation projects. PACE financing is repaid as an assessment on the property's regular tax bill, and is processed the same way as other local public benefit assessments (sidewalks, sewers) have been for decades. Depending on local legislation, PACE can be used for commercial, nonprofit and residential properties. PACE is a national initiative, but programs are established locally and tailored to meet regional market needs. State legislation is passed that authorizes municipalities to establish PACE programs, and local governments have developed a variety of program models that have been successfully implemented. Regardless of model, there are several keystones that hold true for every PACE program.</p> <p>Third-party-financing instrument, local administration borrows. Financial tool: enabling owners of varied properties to receive low-cost, long-term financing for energy efficiency, water efficiency and renewable energy projects. PACE is passed via state legislation and gives local governments the authority to collaborate with private lenders to provide financing for Eligible Upgrades that are paid through a property tax assessment mechanism.</p> <p>PACE loan is connected to property, not building owner. PACE financing enables businesses to generate immediate positive cash-flow by financing energy retrofits over a 15-30 year term. Each proposal goes through a process of evaluation, measurement, and verification that goes on for five years after the completion of the project..</p>

General targets:

Main results achieved:

Financial Model Description

Type of beneficiaries:	Public + Private
Type of FI:	Loan
Repayment model:	The PACE loan repayment to the local government's property tax special assessment process, PACE loans can be extended up to the useful life of the project, thereby making energy savings generated from the project greater than the loan repayment. In many states, this positive cash-flow is required before the project can be approved.
Interesting links:	http://pacenation.us/
Other information:	<p>Lock up period (payment start): Depending on the case</p> <p>Loan default rate (% of unpaid or overdue loans): Depending on the case</p> <p>Minimum interest rate, p.a.: Subject to market conditions</p> <p>Maximum interest rate, p.a.: Subject to market conditions</p> <p>Maximum repayment period, in months: 240 months</p> <p>Maximum % of project financed by FI: 1</p> <p>Other:</p>





Project risk Profile

- Performance risk: Property owner/tenant
- Financial risk: Fund Manager, Managing Authority





Elsie Withlow Stokes. Community Freedom PCS

Project Example - Case Level - Example of a project funded from the described financial instrument

Project title:	Elsie Withlow Stokes. Community Freedom PCS
Country:	Washington D.C. (USA)
Type of projects:	Energy Efficiency+ Renewables energy
Subtype of projects:	Building retrofits, Photovoltaic solar energy
Brief description of project:	The energy and water saving mechanical upgrades, in conjunction with 35kW roof top solar PV system. Amortizing the payments over this term allows the solar and efficiency savings to offset and exceed the annual PACE payments. As an incentive to help offset the expense of hiring local community based contractors and solar installers, the project received \$198,000 from the D.C. Sustainable Energy Utility.
Baseline:	Aging facility (1965) significant load, failing build systems (failing HVAC system), leaking roof.
Global budget invested:	-
Payback period:	-
Funding period:	-

Specific conditions

Lock up period:	More than 12 months
Interest rate (%):	-
Repayment period (months):	240 months
% of project financed by FI:	1
Other specific conditions:	Funding of the project was provided by Green works Lending, a Connecticut-based PACE lender.

Main figures achieved

Energy saving in invoices (€) compared to the baseline achieved (%)	10-40%
CO ₂ savings (%)	10-40%
Renewable Energy produced (kWh/year)	46.200
Energy saving in consumption(kWh) compared to the baseline (%)	10-40%
Levelised cost (€/kWh)	-

