



a2energy

PACE Program

**2nd Annual MI Green Communities
Conference**

October 28, 2011

Wendy Barrott Clean Energy Coalition



Overview of PACE

- Property Assessed Clean Energy
- 27 States have passed
- Allows local governments
 - Establish Energy Financing District
 - Raise capital
 - Assess property for energy efficiency/renewable energy improvements
 - Lien on property
 - Repayment through special assessment mechanism



Special Assessments

- First one 1736 – Benjamin Franklin
 - opt in fire fighting service
- Based upon long history of municipal use of assessments for improvements in the public interest
 - septic replacements, footing drain disconnects, seismic improvements, sidewalks



Business Case for PACE

- Serves a public good
- Creates jobs
- Keeps money in the local economy
- Supports economic development
- Increases/maintains property values
- Provides attractive financing – not offered by other sources
- Reduces operating costs
- Facilitates move toward energy efficiency
 - Greenhouse gas reductions



Steps Required

Resolution of Intent

Public Hearing

Resolution to Establish

Implement Program



Report Requirements

- *All* the details about the program
 - Project eligibility
 - Project size
 - Property eligibility
 - Application process
 - Energy assessment agreement
 - Financing details
 - provisions for marketing and education
 - written consent from mortgage holder – form
 - program fees



Pieces of PACE Program Development

Communications

- Website
 - information portal
 - program forms
- Marketing
- Outreach
- Media
- Training

Technical Project Details

- application
- eligible projects
- audit standards
- building permits
- verification
- measurement
- review/merit

Financing Details

- mortgage consent
- guidelines % of value
- bond issuance
- title search
- recording

Software

- tracking
 - application
 - progress
 - results

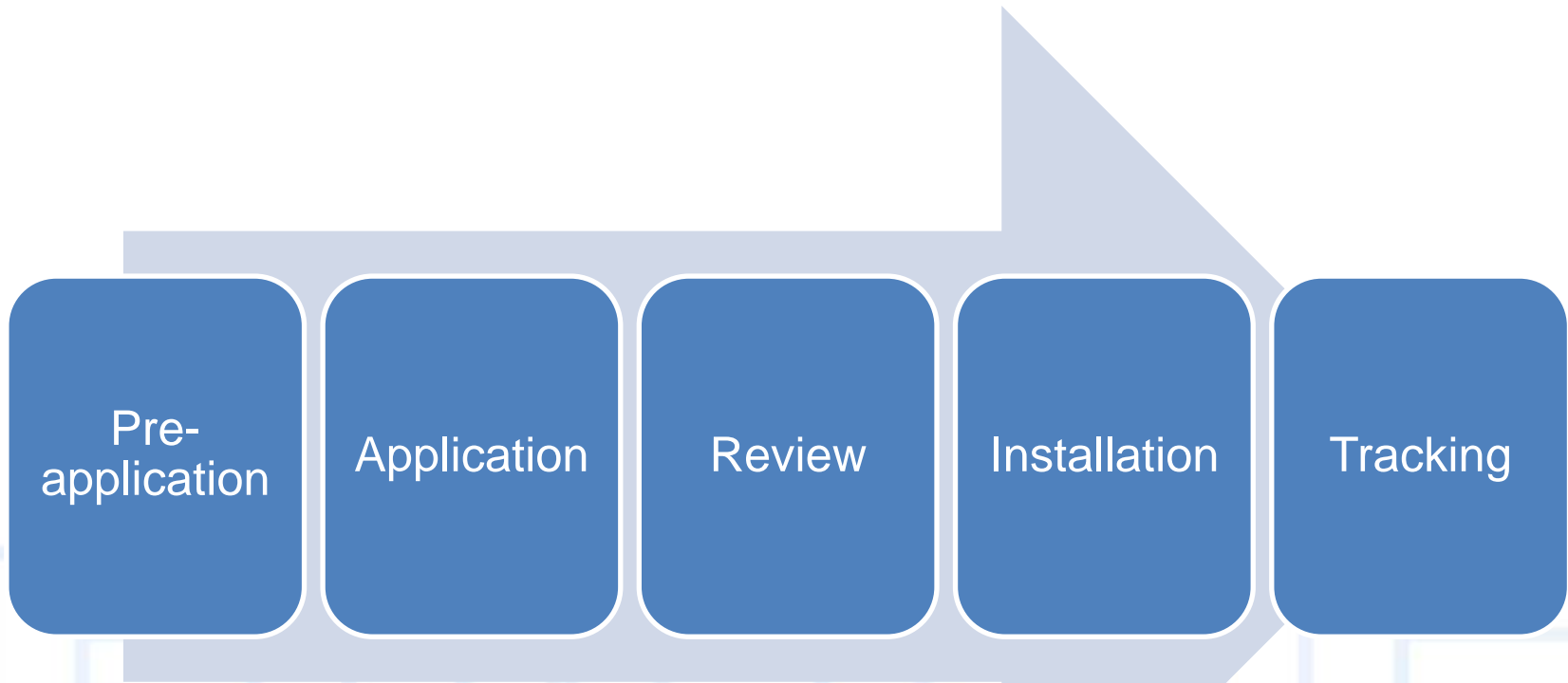


Communications

- Branding a2energy
- Creating website
 - both commercial and residential energy efficiency information
 - post documents including PACE report, application package and Excel spreadsheet
- PACE brochure
- Presentations to business associations
- Use of press releases & other free media
- Training –currently one on one



Technical Project Details





Pre-Application Screening

- Step to avoid false starts
 - projects less than minimum \$10,000
 - projects likely to be > \$250,000
 - require performance contracting
 - projects limited energy analysis allowed
 - first consult with mortgage holder



Review – Completeness Check

- Application complete and accurate
- Copy of the energy analysis report
- Project details with cost estimates
- Spreadsheet (electronic)
- Required declarations executed
- Lender consent
- Fees remitted
- Improvements do not exceed 20% of the state equalized value before energy improvements
- Loan to value of property does not exceed 99% of two times the state equalized value



Review – Title Search

- The property owner(s) own the property with no federal or state income tax liens, judgment liens or similar involuntary liens on the property
- The property is within the energy district (City limits)
- Property owner is current on property taxes
- Property owner is current on mortgage
- Property owner is current on water and sewage utilities
- Property owner is not in bankruptcy and the property is not an asset in a bankruptcy proceeding

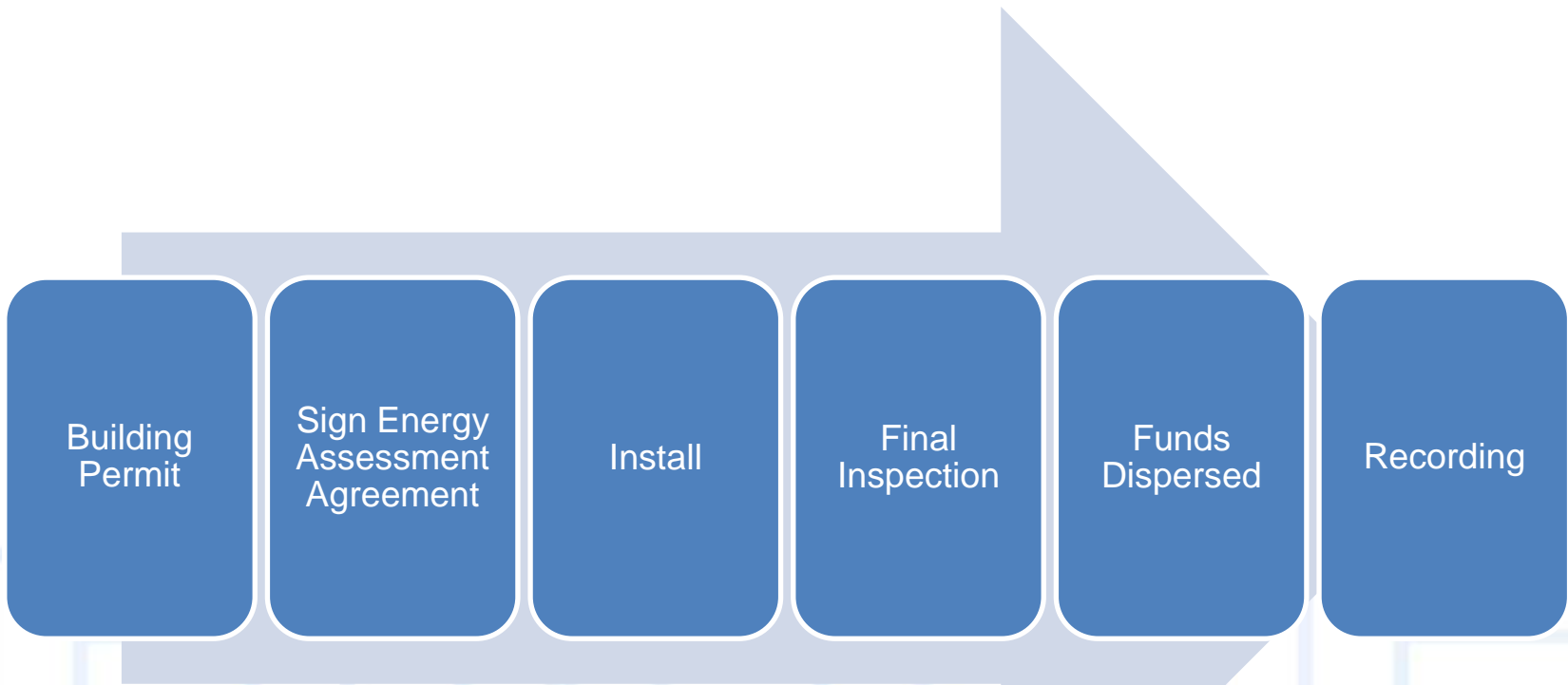


Review – Technical

- Projects requested are eligible for *phase I* funds
- Expected savings to investment ratio is greater than one (time)
- The length of the assessment period does not exceed the life of the equipment or 10 years, whichever is less
- The energy efficiency of the building is improved before implementing renewable energy systems
- Proposed improvements and costs are eligible to be financed and are within the range of \$10,000 - \$350,000
- Savings are realistic
- Amount of financing is equal to, or less than, project costs and that project costs included are eligible
- Funding is available
- Fees remitted are correct



Installation





Tracking

Re-
payment

Annual
Certification

Energy Use
Data



Hurdles

- Lender consent
 - what will they accept?
- PACE financing is not well understood
 - likely to take time to get momentum
- Local unit needs to decide the financing mechanism
 - legislation is fairly flexible
- Determining who/where the administration takes place



Clean Energy Coalition and PACE

- In-house staff and external staff support
- Estimate savings to property owners, benefits to local economy
- Assistance with program design and implementation
 - program development
 - marketing and outreach
 - managing application process
 - tracking program success
- Evaluate and approve applications
- Administration



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a2energy is a joint program with the City of Ann Arbor and Clean Energy Coalition