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

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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

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

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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

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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!*