

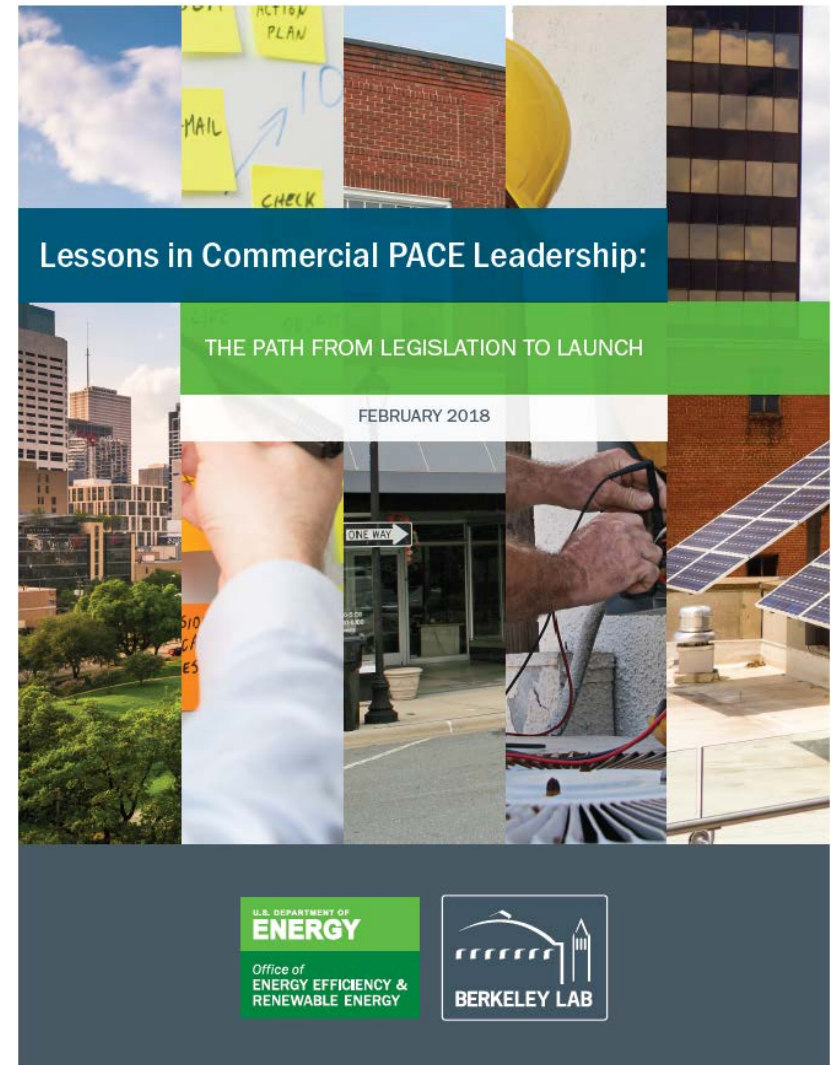
Lessons in Commercial PACE Leadership: The Path from Legislation to Launch

March 15, 2018



Overview

- Purpose:
 - Review *Lessons in Commercial PACE Leadership: The Path from Legislation to Launch*, address attendee questions
 - Launch DOE's C-PACE Working Group – *Now Recruiting!*



Logistics

- The recorded webinar, transcript and slides will be available online at: <https://energy.gov/eere/slsc/state-and-local-solution-center>
- Attendees are in listen-only mode.
- Attendees are encouraged to type questions and feedback in the webinar interface tool throughout the webinar. We will have time at the end to answer questions.

Agenda

- *Lessons in Commercial PACE Leadership*
- C-PACE Working Group
- Q&A

Poll Question #1

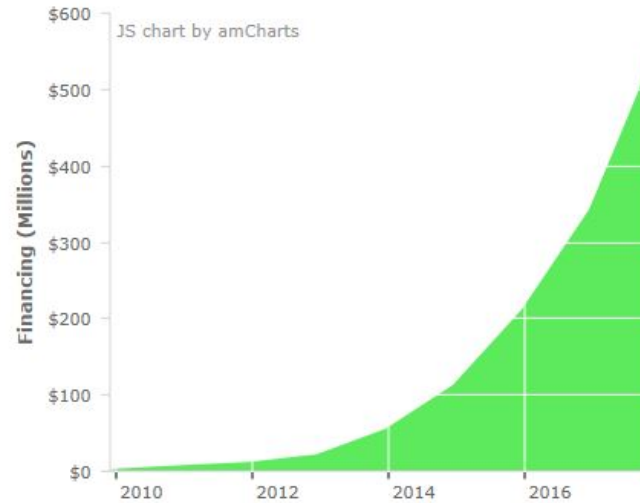
Background

- C-PACE Market Overview



Cumulative C-PACE Financing

2010-2017



Source: PACENation, Market Data, Accessed on March 9, 2018

- C-PACE Background Resources

- [Commercial PACE: A Fact Sheet for State and Local Governments](#) (DOE)
- [PACENation](#)



Energy Technologies Area

Lawrence Berkeley National Laboratory

Lessons in Commercial PACE Leadership: The Path from Legislation to Launch

March 15, 2018

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Electricity Markets and Policy Group

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Agenda

- ◆ Overview and context
- ◆ High-level takeaways
- ◆ Enabling C-PACE
- ◆ Set up
- ◆ Program launch

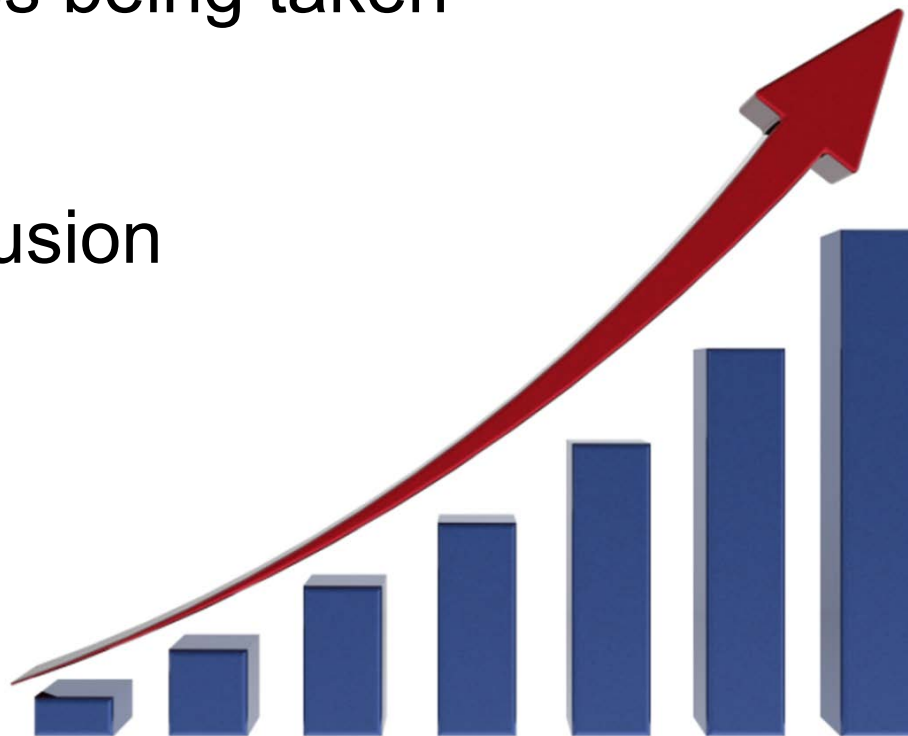


Overview and context

- ◆ Motivation: Gap between states with legislation and those with active programs
- ◆ Audience: Program sponsors (i.e., those tasked with setting up a C-PACE program) at the start of developing a program
- ◆ Objective: Help program sponsors ID and understand key decision points, available options and tradeoffs involved in those options
- ◆ Methodology:
 - Literature review
 - Steering Committee
 - Stakeholder interviews

High level takeaways

- ◆ C-PACE is a quickly evolving and growing area
- ◆ Variety of approaches being taken
- ◆ Some common confusion



Enabling C-PACE

◆ Enabling legislation

- Importance
- Key provisions



◆ Program administrative structure

- Different structures
- Standardization

Enabling C-PACE: Enabling Legislation

◆ Importance

- ❑ Sets the framework within which the program sponsor can design and implement the program

◆ Key provisions

- ❑ Definitions and treatment of assessments
- ❑ Authorizations (e.g., to set up special assessment districts, levy assessments and enforce liens)
- ❑ Mortgage holder consent
- ❑ Program capitalization
- ❑ General categories of improvements
- ❑ Underwriting and qualifying guidelines
- ❑ Guidelines on performance (e.g., energy savings)

Enabling C-PACE: Administrative Structure

Model	Description
Statewide	One statewide program administrator
State and local option	Statewide program coexists with locally- or privately-administered programs
Strategic state support	State gives guidance to local and private program administrators
Limited or no state support	No state involvement or limited state involvement (beyond enabling legislation)

Enabling C-PACE: Administrative Structure



POLL Q#2

Set up

◆ Capitalization

- ❑ Funding mechanism
- ❑ Capital provider
- ❑ Funding process



- ◆ Qualification of properties, measures, projects, and building owners
- ◆ Estimation and documentation of cost savings and other impacts

Set up: Capitalization

◆ Funding mechanisms:

- Direct funding—capital providers lend directly to a C-PACE project
- Bonding—revenue bonds issued by an authorized entity are used to capitalize C-PACE projects

Set up: Capitalization

◆ Capital providers

- Specialty capital providers
- Financial institutions
- Governments



◆ Who can participate may depend on enabling legislation

Set up: Capitalization

◆ Capital providers

	Closed market model	Open market model
Definition and mechanics	Program relies on a single provider of capital to fund C-PACE assessments	Building owners can choose among multiple capital providers
Examples	Sonoma County Energy Independence Program (SCEIP)	Connecticut C-PACE Texas C-PACE

Set up: Capitalization

◆ Funding process

- Servicing the C-PACE assessment
- Timing of the funding process

Set up: Qualification

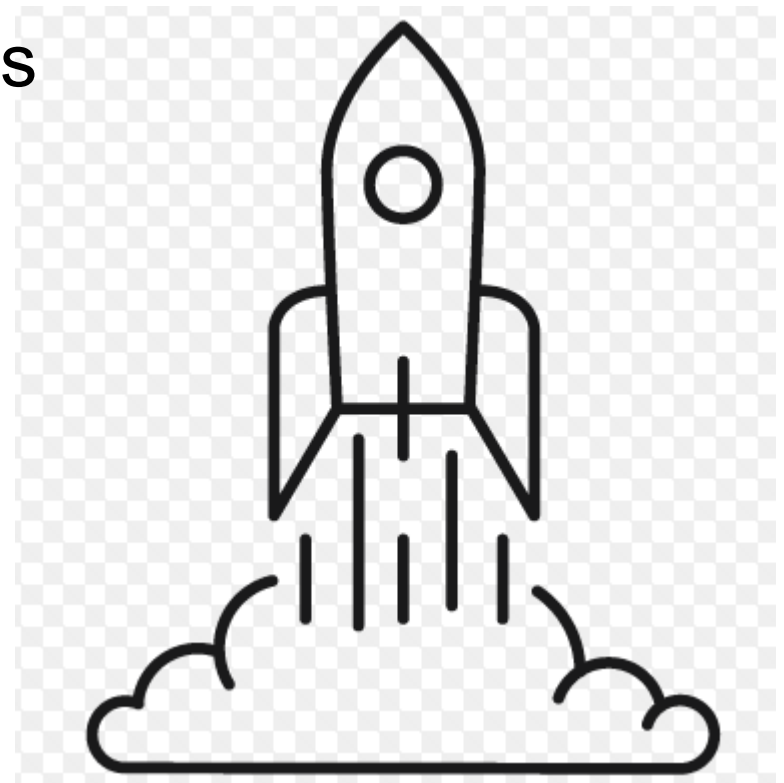
- ◆ Qualifying building owners and projects
 - Mortgage holder consent
 - Proof of ownership
 - Current on obligations
 - Financial limits (e.g., debt-service coverage ratio, combined loan-to-value ratio, assessment to value ratio)
 - Expected project savings
- ◆ Qualifying measures
 - Energy efficiency, renewables, water efficiency
 - Other distributed energy resources
 - Resilience measures

Set up: Savings estimation and documentation

- ◆ Should energy audits be required?
- ◆ Should some level of savings be required for eligibility (e.g., a savings-to-investment ratio (SIR) >1)?
- ◆ Should savings impacts be documented and, if so, how?

Program launch

- ◆ Stakeholder engagement
- ◆ Ongoing operations and costs



Program launch: Stakeholder engagement

◆ Important stakeholder groups to engage

- ❑ Local governments
- ❑ Building owners
- ❑ Contractors
- ❑ Utilities
- ❑ Capital providers
- ❑ Existing mortgage holders

◆ Engagement strategies



Program launch: Ongoing operations and costs

◆ Ongoing operations tasks

- Administrative processes
- Funding
- Quality Assurance / Quality Control (QA/AC)

◆ Program set up costs

◆ Participant fee structures



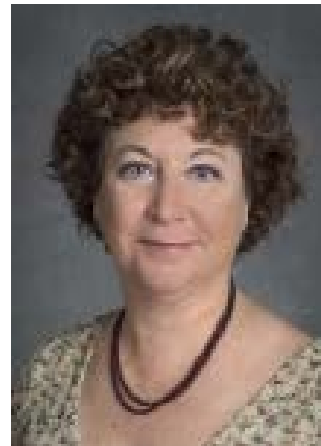
For more

- ◆ To find the report and for more information on efficiency financing, visit <https://emp.lbl.gov/>

Contacts



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Poll Question #3

C-PACE Working Group

Overview

The C-PACE Working Group is a cohort of state and local governments working together to learn about, launch, and refine commercial property assessed clean energy (C-PACE) programs. This U.S. Department of Energy initiative will leverage technical assistance from leading C-PACE experts and market partners to:

- **Develop tools and solutions to barriers facing state and local governments;**
- **Convene and create peer exchanges to showcase public-sector leadership and effective public-private partnerships; and**
- **Provide information from leading technical experts.**

The goal of these efforts is to stimulate an investment of \$60 million C-PACE investments by 2022.

C-PACE Working Group

Who Should Participate?

State and Local Government Track	Market Partner Track
<p><i>Observers</i> – State and local governments with an interest in exploring C-PACE, but without the state level C-PACE enabling legislation or other constraints that prevent <i>partner</i> participation.</p> <p><i>Partners</i> – State and local governments with state level C-PACE enabling legislation, but no program, or very limited project financing completed to-date.</p> <p><i>Advisors</i> – State and local governments with state level C-PACE enabling legislation, a program, and multiple projects financed. These participants are valued members of the Working Group and serve as advisors to the observers and partners.</p>	<p>Companies and organizations directly impacted by or specializing in C-PACE financing, including:</p> <ul style="list-style-type: none">- PACE Trade Associations- Third Party Program Administrators- Capital Providers- Commercial Lenders (banks providing consent for PACE assessments)- Contractors and Energy Service Companies- Commercial Property Owners- Others as appropriate

C-PACE Working Group

Why Participate and What is the Commitment?

Participant Benefits	Participant Commitments
<ol style="list-style-type: none">1. DOE provides access to technical assistance and market expertise in the form of regular webinars, peer exchanges, and one-on-ones.2. Emphasis on supporting <i>Partner</i>-identified C-PACE milestones and providing <i>Partner</i>-driven technical assistance.3. DOE recognition for overcoming C-PACE barriers.4. Educational and business development opportunities for <i>Market Partners</i>.	<p><u>State and Local Partners</u></p> <ul style="list-style-type: none">- Participate in Working Group webinars, peer exchanges, and other events (1-2 hours per month).- Make a good-faith effort to achieve <u>four</u> or more C-PACE milestones by 2020, and periodically demonstrate progress. <p><u>Observers</u></p> <ul style="list-style-type: none">- Ad hoc participation. <p><u>Market Partners and Advisors</u></p> <ul style="list-style-type: none">- Commit time and expertise as requested by state and local partners (~6 hours per year).

C-PACE Working Group

What Topics Will the C-PACE Working Group Address?

Technical assistance will be directed at supporting state and local partners achieve four (4) or more C-PACE milestones by 2020. Milestones include:

- A. Assemble a state or local C-PACE Task Force or Advisory Committee;
- B. Review existing C-PACE enabling legislation and verify consistency with best practices;
- C. Execute a stakeholder engagement plan;
- D. Draft, adopt, or revise program guidelines;
- E. Evaluate program administrator options (third party or public);
- F. Select a program administrator (third party or public);
- G. Adopt a local resolution or ordinance;
- H. Determine eligibility for a capital provider;
- I. Conduct contractor training;
- J. Execute a C-PACE marketing plan;
- K. Close a C-PACE financed project;
- L. Other (Partners may propose one milestone that is not captured in the above list).

C-PACE Working Group

How to Learn More and Sign Up

Download and Read the **C-PACE Working Group Fact Sheet**

- Available online here: <https://www.energy.gov/eere/slsc/downloads/c-pace-working-group-fact-sheet>

Download and Submit the **Expression of Interest Form**

- Available online here: <http://energy.gov/eere/slsc/downloads/c-pace-working-group-expression-interest-form>
- Email a completed Expression of Interest Form to stateandlocal@ee.doe.gov by April 20, 2018.

Questions?

Please type all questions into the webinar dialogue box.

Thank You

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State and Local Solution Center

<http://energy.gov/eere/slsc/state-and-local-solution-center>