



# Property Assessed Clean Energy

**PACE**

## NOPEC AT THE BEGINNING

- Formed in 2000 as a not-for-profit Council of Governments representing 112 communities in eight northeast Ohio counties:
  - Ashtabula, Cuyahoga, Geauga, Medina, Lake, Lorain, Portage and Summit
- NOPEC establishes mission to work cooperatively for its customers to provide a competitive environment as deregulation begins in Ohio, to provide energy cost savings
- NOPEC serves as local purchasing aggregator for electric and/or gas for local communities

## NOPEC TODAY

- Today over 200 communities in 13 counties participate in NOPEC's gas and electric aggregation – it's the largest governmental gas energy aggregator in the United States.
- There are over 500,000 electric and 300,000 gas residential and commercial customers within NOPEC's footprint
- NOPEC is governed by a General Assembly that meets once annually and a Board of Directors that meets regularly throughout the year to oversee operations
  - The General Assembly includes representatives of each community member and approves the annual budget
  - The Board of Directors includes one representative per county

## NOPEC'S BENEFITS

- Community members become part the largest governmental aggregation program in the United States. NOPEC uses bulk-buying techniques to get the most reliable and competitively priced energy for our customers.
- NOPEC receives no public funds, and its member communities are not charged any dues or fees.
- NOPEC provides all the legal documents and files all the necessary paperwork with the PUCO for its members.
- NOPEC offers additional programs to help our communities and our consumers reduce their energy costs and make informed decisions.

## WHAT IS PACE AND WHY USE IT

- Property Assessed Clean Energy: A mechanism that allows property owners to finance energy efficiency and renewable energy improvement projects through assessments on their real estate tax bills
- Assessments are used to secure local government financing without requiring the borrower or the local government to pledge its credit
- Preservation of borrowing capacity through off-balance sheet financing
- Up to 100% long-term financing
- Assessment stays with the property upon sale

## ELIGIBLE PROJECTS

- Energy Efficiency Improvements  
(e.g., HVAC, windows/doors, roof, interior/exterior lighting, insulation)
- Geothermal Energy
- Solar-photovoltaic (roof-top and ground-mounted solar arrays)
- Solar-thermal (solar water heating systems)
- Wind Energy
- Biomass Energy or Gasification

## WHAT IS ELIGIBLE?

Commercial Properties Include:

- Industrial
- Commercial
- Government
- Multi-family (more than four units)

## NOPEC'S PACE PROGRAM – PROVIDES UP-FRONT CASH

- Revolving loan fund
  - Funded initially by a one-time injection of \$2 million from NOPEC
- \$100,000 to \$500,000\* project loans
- Up to 100% financing for qualified projects
- Long-term, up to 15\* years, fixed-rate financing term based on the useful life of the asset(s) financed
- Targets energy efficiency projects with savings of at least 15%
- Can be combined with other financing sources for larger projects

## PACE PROGRAM REQUIREMENTS

- Eligible borrowers must be located in a new NOPEC community and the facility must have (or agree to have) a NOPEC account
- All commercial properties are eligible, including for-profit and non-profit entities
- Property taxes must be current
- No involuntary liens placed on the property
- Current on all outstanding loan obligations

## STEPS FOR PACE PROGRAM

- Submit a completed application with supplemental attachments
- Obtain a ASHRAE Level 2, or its equivalent, energy assessment
- Enter into a Term Sheet with NOPEC
- Select licensed contractor and obtain fixed price construction contract
- Attend local community legislative meetings, if needed
- Execute financing documents
- Implement the project

## LOCAL COMMUNITY'S ROLE

- The local community approves the property owner's petition to designate parcel(s) as part of an Energy Special Improvement District (ESID), files incorporation and by-laws with the Secretary of State

Multiple sites, with the same owner, do not have to be contiguous

- Community approves assessment to be levied, for each property, sufficient to pay for project improvements
- County Auditor certifies for tax bill once approved
- Assessment remains on tax duplicate for the agreed-upon term

## NOPEC'S FIRST PACE PROJECT

- Village of Newburgh Heights for \$325,000
- Renovated a former warehouse building to service as the community's Fire Station and Service Garage
- Improvements financed included new LED lighting throughout, ceiling fans and a new roof
- Project was completed in October and is now occupying the facility
- Improvements are expected to produce an annual energy savings of \$3,322

## PACE PROJECTS IN OHIO

- Other PACE providers in Ohio: Toledo-Lucas County, Western Reserve and Lake County Port Authorities have all financed PACE projects, as well as the Greater Cincinnati Energy Alliance and Columbus-Franklin County Finance Authority
- Simon Properties financed improvements using PACE at Great Lakes Mall in Mentor and Southern Park Mall in Boardman Township
- Beachwood, Ohio:
  - Multi-story commercial office building
  - Approximately 43,000 square feet, built in 1971
  - Improvements Include: lighting retrofits, HVAC, building controls, window film, ancillary improvements
  - 20-year financing term

## ACCESSING OTHER ENERGY EFFICIENCY BENEFITS AND INCENTIVES

- Incentive information is available at DSIRE (Database of State Incentives of Renewables and Efficiency): [dsireusa.org](http://dsireusa.org)
  - Tax credits
  - Grants
  - Loan programs

Nationwide PACE program information is available through PACENation: [www.pacenation.us](http://www.pacenation.us)

Regional and local programs are available as well, but may include limits on commercial property type or borrower size

## SOME STATS ON COMMERCIAL SPACE

- Nearly 94% of U.S. commercial properties are small buildings, defined as structures of 50,000 s.f. or less, accounting for roughly half of commercial square footage
- Almost 9 of 10 U.S. commercial properties measure 25,000 s.f. or less and represent 36% of commercial square footage
- Close to three-fourths of U.S. commercial buildings are very small at 10,000 s.f. or less, accounting for close to 20% of commercial floor space
- The median commercial building size is only 5,100 s.f.; the mean size is 15,700 s.f.
- Taken from the 2014 National Institute of Building Sciences Council on Finance, Insurance and Real Estate “Financing Small Commercial Building Energy Performance Upgrades: Challenges and Opportunities” Report

## MORE STATS

- In 2015, electricity consumption by sector according to the U.S. Energy Information Administration (USEIA)
  - Residential, 38%
  - Commercial, 36%
  - Industrial, 26%
  - Transportation, .2%

Lighting is the single largest use of electricity in the U.S. commercial sector, 19% (USEIA, 2012)

Gas and electric account for 83% of all commercial energy sources (USEIA, 2012)

Space heating accounts for 25% and lighting for 12% of use (USEIA, 2012)

## WRAP-UP

- Given these statistics, the potential for small commercial building retrofits is conservatively estimated \$35.6 **billion**, assuming a 30% performance improvement for buildings constructed before 1980 (National Institute of Building Sciences)
- NOPEC'S PACE loan program provides capital to projects that may not otherwise have a viable source of financing
- NOPEC is launching a separate revolving loan fund to finance projects in the \$5,000-\$100,000 range
- Visit our website for additional information on NOPEC's programs and advocacy efforts: [www.nopecinfo.org](http://www.nopecinfo.org)

## FOR MORE INFORMATION ABOUT PACE

- Contact NOPEC

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