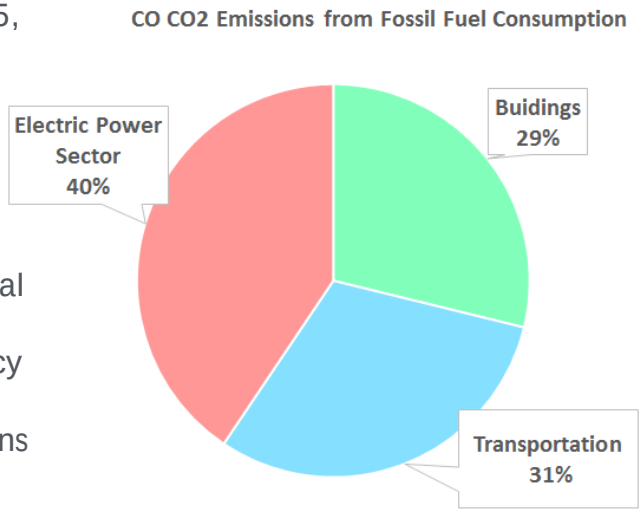
Colorado's climate goals rely on meaningful change in the buildings sector

- Reduce GHG emissions by >26% by 2025, as compared to 2005 levels
- Reduce CO2 emissions from the electricity sector by 25% by 2025, as compared to 2012 levels
- Achieve electricity savings of 2% of total electricity sales per year by 2020 through cost-effective energy efficiency
- Continue to assess potential correlations between vector borne diseases and climate factors



Source: EIA

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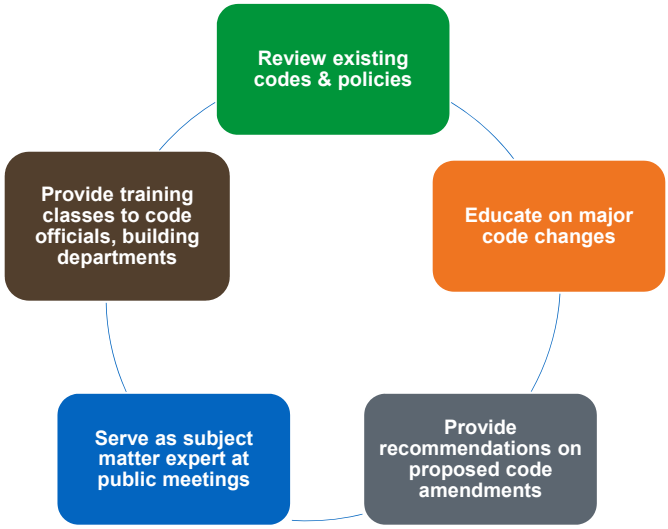
A patchwork of barriers are keeping us from getting where we need to be

- Insufficient building codes
- Large up-front capital costs for both the builder and the buyer
- Building valuations do not always reflect NZE performance (especially residential)
- Financial recapture at resale is uncertain in many cases



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Property Assessed Clean Energy (PACE) is capable of addressing many of these barriers

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Which is why PACE is such an important tool for Policymakers

1. State legislation enables use of property-based tax assessments (public purpose)
2. Municipalities decide whether or not to establish or join a PACE program (voluntary)
3. Funding for PACE projects provided by non-recourse municipal bonds or private capital (scalable)
4. PACE is extremely versatile and can be used in a variety of manners to achieve public policy goals (versatile)

Source: NASEO

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PACE as a pathway towards NZE buildings

Overcomes cost barriers by:
- Offering 100% financing
- Spreading payments over life of the product
- Offsetting assessment payments with lower utility bills

Overcomes investment barriers by:
- Allowing for transferability
- Increasing the value of improved properties
- Creating more certainty of financial recapture at resale

Overcomes disincentive barriers by:
- Addressing multi-party split incentives
- Allowing for creative program design (new construction)
- Encouraging deeper retrofits and integrated design

Source: DOE & Berkeley Lab

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Notable differences between R-PACE & C-PACE

R-PACE OVERVIEW		C-PACE OVERVIEW	
$4,890	203,000	$583	1230
Millions	*Home upgrades*	*Millions*	*Commercial projects*

Critical Components of R-PACE

- Mortgage holder consent (not required)
- Consumer protection standards
- Ability to repay underwriting criteria
- Contractor oversight and management
- Financing model (bonds)

Critical Components of C-PACE

- Mortgage holder consent (required)
- Savings to investment ratio requirements
- Project eligibility criteria (new construction)
- Financing model (open vs closed)

Source: PACENation

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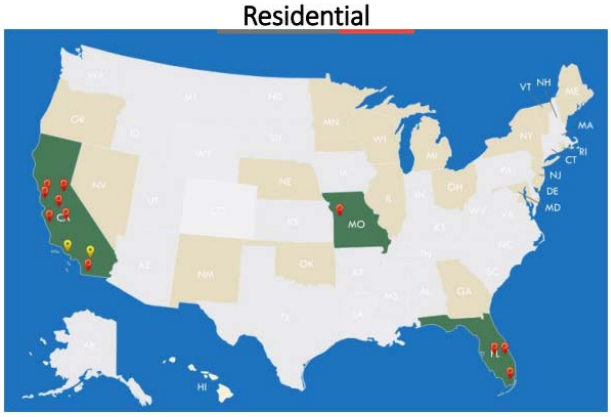
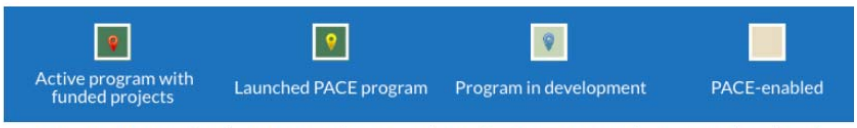
Availability of C-PACE & R-PACE

Commercial

Residential





Source: PACENation's PACE Market Data, http://pacenation.us/pace-market-data/.

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