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
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

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

PACE is **tax-assessment** financing for energy efficiency, renewable energy, water conservation, and certain resiliency projects for buildings.
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

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

PROJECT APPROVAL AND FINANCING PROCESS
- A program administrator (public or 3rd party) approves the project
- Tax assessment placed on property and financier provides project capital
- A contractor completes the PACE-eligible building improvement
- Property owner pays for completed work via a property tax assessment
- Repayments are remitted back to the lender

Source: DOE & Berkeley Lab
### Notable differences between R-PACE & C-PACE

<table>
<thead>
<tr>
<th>R-PACE OVERVIEW</th>
<th>C-PACE OVERVIEW</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4,890</td>
<td>$583</td>
</tr>
<tr>
<td>Millions</td>
<td>Millions</td>
</tr>
<tr>
<td>203,000</td>
<td>1230</td>
</tr>
<tr>
<td>Home upgrades</td>
<td>Commercial projects</td>
</tr>
</tbody>
</table>

### 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

### Availability of C-PACE & R-PACE

**Commercial**

**Residential**

- Active program with funded projects
- Launched PACE program
- Program in development
- PACE-enabled
