

# Tool #8:

## Regional PACE Programs

### What is it?

The Property Assessed Clean Energy (PACE) program is a financial model used by municipalities to help make solar more affordable. PACE programs provide building owners and lenders the ability to finance the upfront costs of an energy investment such as solar panels through a property tax repayment method, which maintains the repayment with the property even if it changes hands. This allows property owners to receive low-interest finance options from their local municipality with long-term loan repayment periods. Because of the regulatory uncertainty surrounding PACE programs on the local level, regional planning organizations stand to play an important role in providing these energy investment incentives within their jurisdictions.

Benefits of the PACE program include: offering a loan attached to the property and not the individual (and thereby transferrable); the potential to deduct the loan interest from federal taxable income as part of the local property tax deduction; and savings to property owners on energy costs while paying for their solar energy system, usually resulting in a net gain.

### How do you do it?

1. Determine whether or not there is local authority to administer PACE in your region.
2. Consider issuing a Request for Proposals (RFP) to hire an outside consultant with expertise in PACE program financing.
3. Develop a financing structure that provides enough revenue to cover the principal and interest payments, administrative costs and a reserve fund to cover participant delinquencies. Look at existing bond authorities or establish partnerships with finance and investment firms to raise private investments.
4. Engage a committee to develop policies and procedures for the PACE program. Include such details as: which jurisdictions will participate, qualifications, terms, application processes, penalties and marketing.
5. Determine where the administration of the program should be housed and clearly delineate all stakeholders' roles. A regional planning organization is well positioned to serve as the main point of contact or lead convener for the project.
6. Educate local installers, applicable committees or workgroups, and consumers on the benefits of the program.
7. Market and disseminate information online and through workshops and/or webinars.

### Who else is doing it?

- Western Riverside Council of Governments (WRCOG) in California developed a regional-scale model PACE program for energy efficiency and water conservation. For more information see the WRCOG case study on page 24 of this *Guide* or visit <http://www.wrcog.cog.ca.us>.
- The Sonoma County Energy Independence Program in California provides local property owners to finance energy efficiency, water efficiency and renewable energy improvements through a voluntary assessment. For more information, see the Sonoma County on page 19 of this *Guide* or visit <http://www.sonomacountyenergy.org/>.

### Where can I get more information?

- The Database of State Incentives for Renewables & Efficiency (DSIRE) provides a list of state, local, utility and federal incentives and policies promoting renewable energy and energy efficiency, including PACE programs. <http://www.dsireusa.org/>
- The U.S. Department of Energy's (DOE) Weatherization and Intergovernmental Program provides information on the status of the Pilot PACE Financing Programs. <http://www1.eere.energy.gov/wip/pace.html>
- PACENow's mission is to promote the use of PACE programs to increase energy retrofits nationwide. The website provides a wealth of information about PACE programs. <http://pacenow.org/>
- The University of California, Berkeley's Guide to Energy Efficiency & Renewable Energy Financing Districts for Local Governments covers issues such as financing, marketing, legal issues, and program administration for PACE programs. <http://rael.berkeley.edu/sites/default/files/old-site-files/2009/FullerKunkelKammen-MunicipalEnergyFinancing2009.pdf>
- The U.S. Department of Energy's Solar Powering Your Community: A Guide for Local Governments is a comprehensive resource created to assist local governments and stakeholders in designing and implementing a strategic local solar plan. The guidebook includes a section on PACE programs on page 41-45. [http://www4.eere.energy.gov/solar/sunshot/resource\\_center/sites/default/files/solar-powering-your-community-guide-for-local-governments.pdf](http://www4.eere.energy.gov/solar/sunshot/resource_center/sites/default/files/solar-powering-your-community-guide-for-local-governments.pdf)