

Pennsylvania Commercial Property Assessed Clean Energy (C-PACE)

Stakeholder Meeting Notes 10.24.18

This meeting was held in Harrisburg at the PA DEP Rachel Carson Building. It was attended by nonprofit associations, DEP staff, utilities representatives and others. SEF and KEEA staff presented basic information about the C-PACE program.

Counties and Municipalities:

- Municipalities and county are able to pass resolution or ordinance to set up C-PACE:
 - Strong recommendation that C-PACE be implemented at the county level
 - A municipality and the surrounding county could potentially have separate programs, but this is strongly discouraged.
 - Ideally all local municipalities will join the PA program
 - In other states, where there are different programs in different parts of the state, investors don't engage, and the program has limited success.

Role of Administrator:

- Promotes and oversees on behalf of the local government
- Bidding-out for Program Admin: The Program Administrator does not receive funding from the county, so it is not expected that counties would need to bid out this work.
- PEA will be the administrator for Philadelphia and SEF will be the program administrator for the remainder of the state
- Program Admin role in verification and monitoring is important to demonstrate success.
 - Comment: caution about assuming liability in the program taking on project validation and in forecasting energy savings.
- Program Admin reviewing/ approving contractors:
 - Having the Program Administrator approve contractors will be necessary for consistency. Will also expect that lenders will be interested in ensuring the quality of the contractors who are doing the work.

Lenders / Financial Institutions

- Open Market but municipalities can choose to restrict
- Determining who can be a PACE lender:
 - Lender qualifications requirements are set at the program level, rather than by the county. If there are multiple programs, there could be different sets of qualification criteria.
- Lien position: $\frac{3}{4}$ of the time lender agrees to the super senior lien position
- Notes to encourage lenders:
 - Show that PACE can enable NOI improvement and increase in property value.
 - Discussing non-acceleration provisions of a PACE assessment can also build the case to provide consent. Reference made to the list of lenders who had provided consent that is posted on the PACE Nation website.
- Term sheets should be required by the Program Admin for each project to increase transparency. Some sort of form or a full proforma / provide pro-forma good for 3-6 months

- In SB-234 there is a requirement that terms be made public- what is included in this? All these should could be listed on one site for the whole state

Government Involvement

- How does Act 129 fit with C-PACE?
- Economic Development and redevelopment authorities can help to promote C-PACE
 - Economic Development will need marketing materials and can be a good audience
 - Can be key promoters of the program
- Statute requires final inspection. Where building permits are required, code official can serve as final inspection requirement.

ESCOs

- ESCO must certify and verify the performance in projects they are involved in.

Suggestions for Marketing and Outreach

The below reflects comments and/ or questions from the 30+ stakeholders that were at the meeting. These points do not reflect necessarily what the final program guidelines will include.

- Reach out to design professionals to help “sell” C-PACE
- Across audiences, all materials will include a consistent blurb describing the program, all other information tailored to each audience.
- SEF has started to seek comments from several counties.
- Communications needs to start with the value of the energy project and then provide PACE as a tool to pay for a project that the owner wants to do.
- Do webinars to help get people to understand the program
- Use testimonials for marketing
- Posting all docs to Pennsylvania CPACE website
- **Counties / Municipalities:**
 - Note that there were few counties/municipalities represented at meeting
 - Start top-down for communications
 - Emphasize job creation
 - When doing outreach to municipalities, need to do so in coordination with the associated county.
 - Need to focus on the goal of getting counties to approve the PACE ordinance and discourage municipalities from promoting the program if they are outside of a county where PACE is approved
 - Do some outreach to municipalities should be to get them encourage their counties approve C-PACE
 - Most local government attend the CCAP spring conference - try to present at those
 - Focus on the CCAP conference in Hershey. DCED participates in this conference and could lead outreach to this group.
 - Focus of outreach to municipalities should be to get them to have their counties approve
- **EDC:**
 - Give economic development corps the opportunity to review, and provide input on, outreach materials before they are finalized. Economic Development Corps just need the marketing materials, they have people who can do the presentations.

- Include case studies of successful programs.
- Economic development organizations have many ways of distributing information to businesses and other economic development organizations
- **Utilities**
 - Utilities benefit from savings
 - Have professionals who interface regularly with building owners (account and facilities managers) could be an avenue to promote C-PACE
 - AIA PA: great grass roots network including national minority of AIA
- **Banking**
 - PA Banker Association and Community Banking should be met with.
 - Can banks be a lead generator/ point of referral? Bank will want to know the cost of participation/ fees.
 - Outreach to both mortgage holders and PACE lenders.
 - Be clear in marketing materials about what information will need to be made public for a closed loan.
 - Bring a Pennsylvania-based lender who is active in another PACE program and/or has provided consent - have this party speak to program benefits of PACE for lenders.
 - Work with community banks - frequently they are the mortgage holder.
 - Communicate cost of participation to banks.
 - Do banks ever bring projects to PACE?
 - There are at least two banks in DC that are particularly active in PACE and brought the soccer stadium project to the program.
 - Comment – New York has 2 partner banks, BOA and other. Both brought projects to the program
- **Agriculture:**
 - Outreach to agricultural sector is really important.
 - Is manure management eligible?
 - Possibility of using C-PACE for green stormwater projects?
 - Find way to get feedback from agricultural sector on needed measures
- **Contractors:**
 - Contractors are key to getting program initiated
 - Owners don't need financing until contractor brings them a project
 - 49% need financing / the rest pay out of capital
 - Contractor requirements should be clear and simple to ensure success
 - Utilities have good contractor networks that we should try to utilize.
 - NECA has a network of qualified contractors and feels that having an apprentice program requirement will ensure quality contractors do the work.
 - NABCEP
 - Wind industry equivalent of NABCEP
 - DEP offers Building Operators Certification and Building manager. Could we reach out to this group with DEP?
 - Outreach through USGBC chapters (3 in PA)
 - NY did contractor training in each county so that jobs could be more localized

- Publish the contractor qualification requirements and project qualification requirements. Noted that Philadelphia has adopted 2019 building code, while the rest of the state uses the 2015 code.
- **Property owners:**
 - C-PACE goal = Reduce operating costs of buildings and lower operating costs = higher property value
 - Timeline for property owner would make the process simpler for property owners to understand.
 - Reach out to design professionals to help “sell” C-PACE

Green Builders United has a list of associations and coalitions that we should contact

Other organizations suggested to contact:

- PSATS
- CCAP
- PML
- PA Farm Bureau
- Allegheny League of Municipalities
- Commercial Real Estate Groups
- Energy project developers, geothermal developers, biofuel developers, storm water developers
- ULI
- ISCSC
- IREM
- Equipment wholesale companies: Trane, Sysco, etc
- BOMA
- CHURCHES FOR STORM WATER
- Pa Solar Energy Association

Lightning round:

Each attendee was asked to highlight one final point. The below reflects comments and/ or questions from the 30+ stakeholders that were at the meeting. These points do not reflect necessarily what the final program guidelines will include.

- Engage with clients and users directly.
- Realtors have continuing education requirements as well - market to these.
- In realtor discussions, note the benefits of PACE in a triple net lease structure.
- Need to plan for multiple rounds of outreach before an audience will understand and adopt PACE.
- Relying on participants in room for promotion and education enables use of non-profit administrator and keeps program costs low.
- Keep it simple.
- As a contractor, want to be able to explain PACE to a customer easily.
- Don't overlook value of engaging municipalities in outreach and coordination.
- Guidelines will tell whether PACE is a financing program or a clean energy program. Need to ensure that it is an energy program with rigorous standards.
- Consider creating a webinar series targeted at various end user groups.

- Use communications to ensure that not just the big players know about the program - look for new and smaller entities as well - ex. Pennsylvania Minority Contractors/developers association.
- Duquesne utility - consider working with the utility's major accounts reps staff Also incorporate testimonials into communications.
- An additional communication channel is the National Organization for Minority Architects.
- PA Energy Office - supportive of uniformity of program. Outreach through manufacturers and wholesalers in energy industries (ex. Trane).
- PA Treasury - Legislative strategy was to leave as much flexibility as possible for the program design.
- Don't want to lose focus on energy savings benefits of PACE projects.
- Recommend requiring projects that pay for themselves, or a lesser SIR, but still a given SIR. Supports benefits of energy savings guaranties. Need to spend more time exploring savings requirements.
- Holly asked participants to contact her directly with points of contact at various associations that were represented.
- PEA – The stakeholder process has been helpful in informing identification of issues and points of view.
- Note that both PEA and SEF are mission-based orgs committed to clean energy
- Recommendation to do outreach to associations of churches