


Governor's
Energy Office

Finance Presentation Clean Energy Finance Workshop

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PACE: Initial Legislation

Initial PACE Legislation:

HB08-1350:

- Allows for counties to establish individual Special Improvement Districts to finance PACE programs
 - County must first create SID
 - TABOR: In order to issue PACE bonds, counties must also seek voter authorization to finance PACE home and business improvements



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PACE: Challenges


Initial PACE Legislation - Challenges:

Finance Challenges:

- Scalability – One component of credit strength of special districts is the size of the district.
- County financial strength – Smaller counties may have challenges accessing capital as easily as larger counties like Boulder
 - Boulder also offered a Moral Obligation as a part of its PACE structure, which may not be as useful for smaller counties

Other Challenges:

- TABOR issues – Many counties might find it challenging to successfully pass voter initiatives for PACE issuances



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Legislative Solutions to Challenges

Legislative Solutions to Challenges:

SB10-100: Cross-Boundary Energy Improvement Districts

- Counties who establish “1350” special PACE districts to be a part of a larger PACE district
- Allows for “1350” county PACE districts to enter into multi-county finance structures
- TABOR still applies – counties must still receive voter approval



HB10-1328: Statewide “New Energy Improvement District”

- Establishes a statewide PACE district to finance property assessed home improvements
- Counties must opt-into district for homeowners to participate
- Counties must still organize local program, but source of capital comes from statewide financing solutions
- Enterprise district status provides TABOR exemption to county PACE participation



HB10-1328: From a Banker’s Perspective

- Locally and nationally, the concern is whether PACE projects are viewed more as loans or annual property assessments
- Title 32 Special District statutes require for assessments to accelerate upon default, which looks like a loan
- HB1328 allows for the non-acceleration of PACE
- Colorado Banking lobby was moved to a “neutral” position



HB10-1328: What's Next

- Federal challenges have prohibited the new district to move forward
- The board is currently being appointed to be able to act if and when PACE can resume
- HB1328 allows for the non-acceleration of PACE
- Colorado Banking lobby was moved to a "neutral" position



"SB184" Clean Energy Residential Finance Program:

- *Summary of program:*
 - Vendor markets, manages contractors, and underwrites residential loans for energy efficiency of up to \$12,500
 - Treasury purchases these loans on a quarterly basis in their investment portfolio
- Treasury Issues: Why has this taken so long??
 - Borrower Default Risk
 - Interest Rate Risk
- Why SB184 program is so important (And why I keep harassing Treasury)
 - DEMAND: This is exactly the program that we need to show demand to move forward in banking and finance partnerships.
 - PACE: The current status of PACE makes SB184 the only show in town to show demand.
- Other Notable Discussion Points
 - EECBG-C Partnerships
 - Possible legislative fixes



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**"We all are worms, but I do believe I am
a glow worm." -Winston Churchill**

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