



# PAY FOR TODAY'S UPGRADES WITH TOMORROW'S SAVINGS



## Property Assessed Clean Energy (PACE)

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# THE PROBLEM

Property owners know they can save money over the long haul by investing in energy/water-efficient upgrades, but...

- Even modest upgrades are expensive
  - Hard to pay those upfront costs given all their other expenses
- Failing equipment is replaced on emergency, piecemeal basis at a premium cost with no systems optimization
- New construction “value engineering” targets less visible MEP
- Higher borrowing costs - increasing gaps in project capital stacks

# SOLUTION: PROPERTY ASSESSED CLEAN ENERGY

*Innovative financing tool that provides **long term, low cost, 100% funding** for energy efficiency, water conservation and distributed generation projects*

- Private financing secured by a special local property assessment in place over the financing term/useful life of the improvements
  - “Like a single parcel PID”
- State Authorized – [Texas Local Government Code Chapter 399](#)
- Voluntary & Open Market
- Local Government Enabled

# THE GROWING TEXAS PACE MARKET

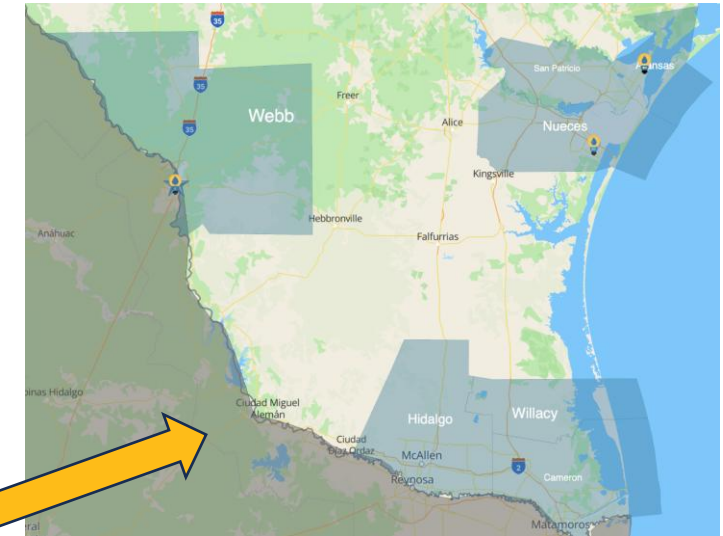
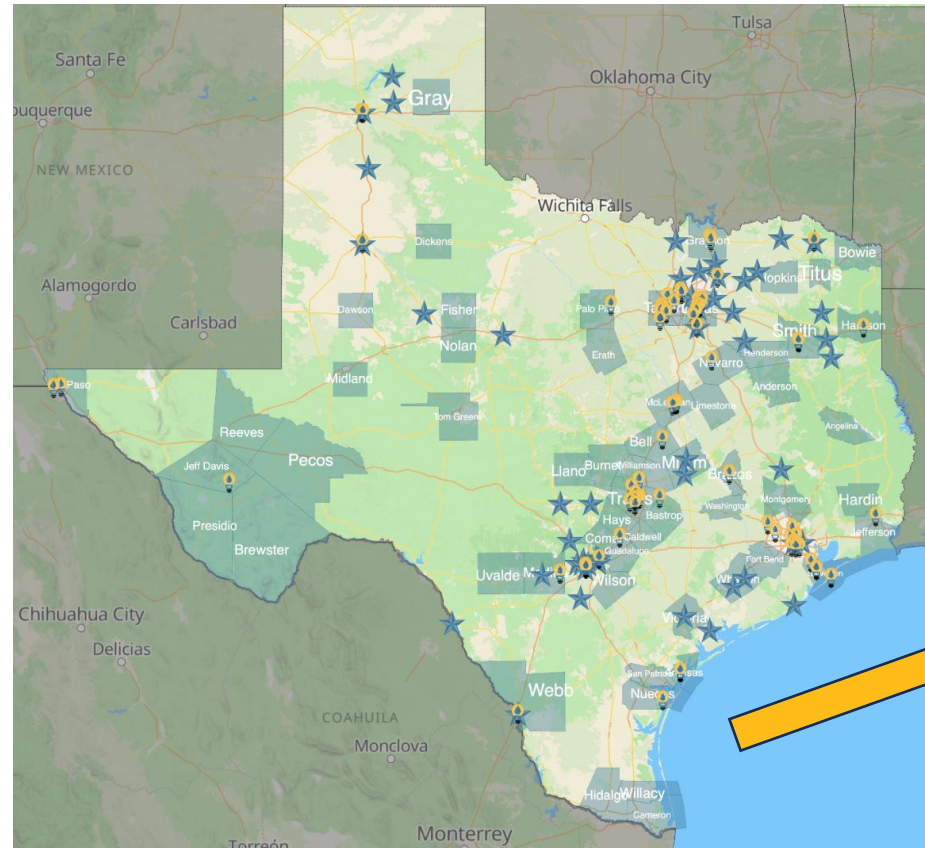
[www.texaspaceauthority.org/service-areas/](http://www.texaspaceauthority.org/service-areas/)

**October 2025**

**109** PACE Programs  
50 City - 59 County

**75%** of Texas' population covered

**98** Projects  
**\$542** million



Municipalities  
Counties



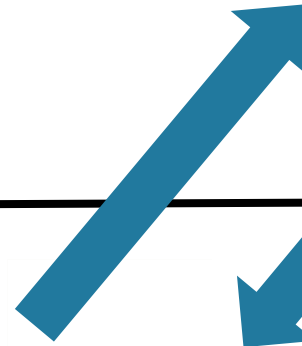
TEXAS  PACE  
AUTHORITY

501(c)(3)



Governmental

Private



Capital Providers



Property Owners

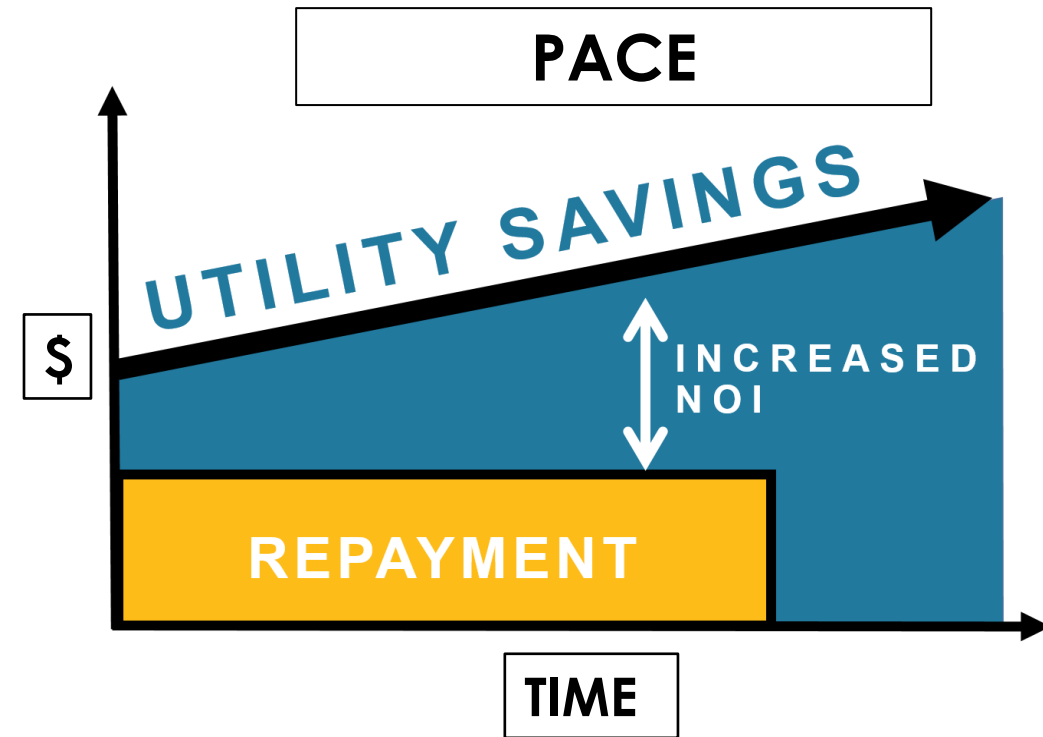
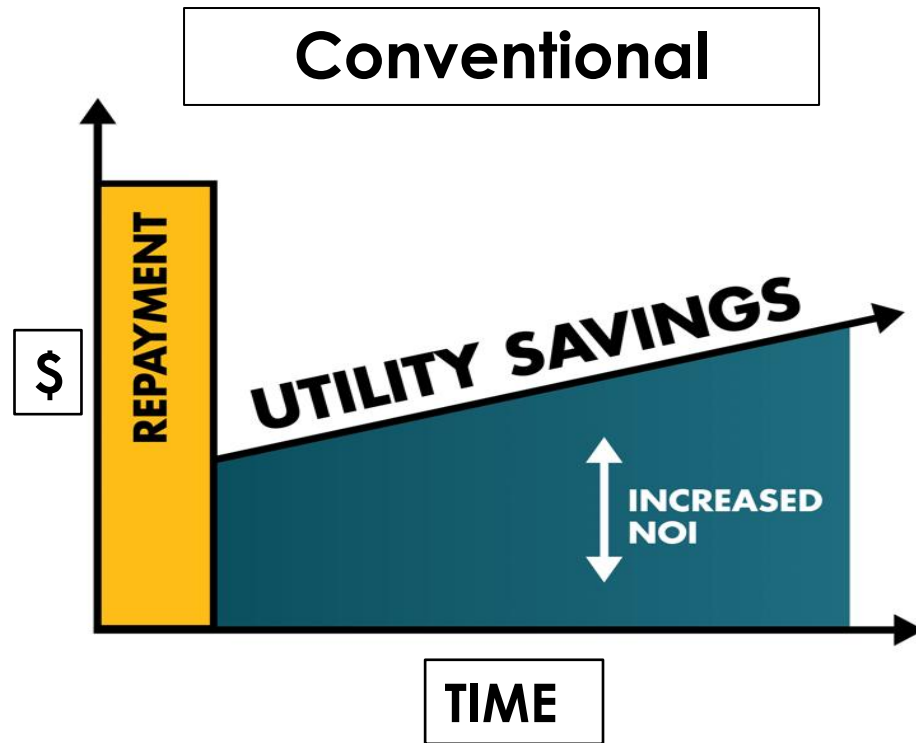


Service Providers

# PROPERTY OWNER BENEFITS

“Pay for today’s upgrades with tomorrow’s savings”

- Improves assets - budget neutral/cashflow positive



# PACE ELIGIBLE PROPERTY

## ➤ **Commercial**

- Retail, hospitality, mixed use, office, recreation, non-profit

## ➤ **Residential Multi-family**

- 5+ units
- Single family ( ≤ 4 units not eligible)

## ➤ **Industrial**

- Warehouse/distribution

## ➤ **Manufacturing**

## ➤ **Data Centers**

## ➤ **Agricultural**

## ➤ **Ground Lease & Leasehold**

# PACE ELIGIBLE USES

## ➤ **Retrofit/Repurposing**

- New MEP systems, building envelope upgrades, water conservation, onsite generation, energy storage

## ➤ **New Construction/Redevelopment**

- Above code, higher performance systems

## ➤ **Refinancing/Recapitalization**

- Within 24 months of last PACE eligible improvement



# PACE ELIGIBLE IMPROVEMENTS

Projects that reduce energy or water usage or generate power onsite

## Energy

- High efficiency HVAC (AC/chillers, boilers, furnaces, air handlers)
- High efficiency lighting upgrades
- Energy management systems and controls
- Building envelope improvements
- Renewable/DG energy systems
- Mechanical system modernization
- Air cooled systems to water or geothermal cooled systems
- Fuel switching
- Combustion and burner upgrades
- Heat recovery and steam traps

## Water

- High efficiency water heating systems
- Water conservation systems
- Wastewater recovery and reuse systems
- Alternate, on-site sources of water (A/C condensate, rainwater, RO reject water, foundation drain water, etc.)
- On-site improvements to accommodate reclaimed water use
- Water management systems and controls (indoor and outdoor)
- High efficiency irrigation equipment

# WAREHOUSES - Energy Savings

(biggest drivers first)

- 1) Insulated Envelope** (Walls, Roof, Floor, Vapor Barriers)
- 2) High-Efficiency Refrigeration System** (Compressors, Evaporators, Controls)
- 3) High-Speed Doors / Air Curtains / Dock Seals**
- 4) Lighting** (LED in cold storage)
- 5) Controls & Monitoring**

# WAREHOUSES - Energy Savings

## 1) Insulated Envelope (Walls, Roof, Floor, Vapor Barriers)

- **Biggest long-term impact:**  
Every BTU of heat you keep out means less compressor load.
- Tight vapor barrier + thick insulation reduce infiltration and prevent moisture-related energy losses.



# WAREHOUSES - Energy Savings

## 2) High-Efficiency Refrigeration Systems (Compressors, Evaporators, Controls)

- VFDs on compressors/fans, high-efficiency motors, and optimized refrigerants cut electricity consumption.
- Heat recovery from compressors can be used for office heating or underfloor glycol heating.



# WAREHOUSES - Energy Savings

## 3) High-Speed Doors / Air Curtains / Dock Seals

- Infiltration at doors is a *major hidden energy cost*.
- Fast-closing doors, vestibules, or air curtains significantly reduce warm air entry and cold air loss.





# WAREHOUSES - Energy Savings

## 4) Lighting (LED in cold storage)

- LEDs produce less heat, reducing refrigeration load, plus direct electrical savings.
- Motion sensors ensure lights aren't left on unnecessarily.



# WAREHOUSES - Energy Savings

## 5) Controls & Monitoring

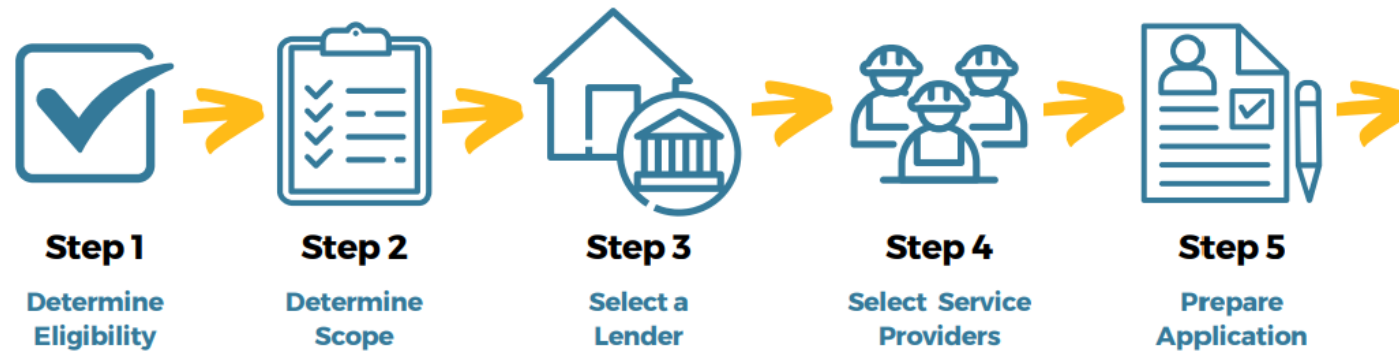
- Smart controls optimize defrost cycles, fan speed, and compressor staging.
- Reduces both wasted kWh and peak demand charges



# TPA's PROJECT DEVELOPMENT PROCESS

[www.texaspaceauthority.org/quick-start-guide](http://www.texaspaceauthority.org/quick-start-guide)

## Phase 1 Pre-Application Feasibility



## Phase 2 Post-Application Execution





# PACE UNDERWRITING CRITERIA

## **Savings to Investment Ratio (SIR)**

- $SIR \geq 1$  required
  - Utility/Operating Savings >50% --- Financial Savings < 50%
  - Verified by Independent Third Party (Texas Licensed PE)

## **Loan to Value (LTV)**

- PACE financing can be up to 35% of CAD-assessed property value
  - Variance for market value/as stabilized basis

## **Loan Term**

- $\leq$  to weighted useful life of PACE-financed measures

## **Mortgage Holder Consent**

- Senior lender must consent to PACE assessment (non-accelerating)

# PACE is a WIN-WIN-WIN (WIN-WIN)

- ✓ **Property Owners** – lower utility bills, resilience, energy/water efficiency, property value increase
- ✓ **Contractors** – project financing solution, more local hiring, best practices, keeping up with technology advancements
- ✓ **Lenders** – new loan product, steady & stable process, fully collateralized, Tax Assessment lien position, improved asset value
- ✓ **State of Texas** – water resource conservation, reduced peak demand, enhanced grid reliability, distributed generation as resilient power source, improved air quality
- ✓ **Communities** – increased economic development and jobs, improved building infrastructure, more appealing building stock and plants

# RESOURCES

- **Texas PACE Authority:** [www.texaspaceauthority.com](http://www.texaspaceauthority.com)
- TX-PACE Program Guide and Technical Standards  
[www.texaspaceauthority.org/Documents/Program%20Guide.pdf?dl=0](http://www.texaspaceauthority.org/Documents/Program%20Guide.pdf?dl=0)
- Case Studies  
[www.texaspaceauthority.org/resources/case-studies-marketing/](http://www.texaspaceauthority.org/resources/case-studies-marketing/)
- Service Provider Directory  
<https://www.texaspaceauthority.org/service-provider-directory/>
- Events and Training  
[www.texaspaceauthority.org/event-directory](http://www.texaspaceauthority.org/event-directory)

# QUESTIONS?

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